

o Catal. on special cards.

ARRANGEMENT
OF
THE PAPERS

PRINTED BY ORDER
OF
THE HOUSE OF COMMONS,
Sess.
1826,

(N° 1. - - - to - - - N° 439.)
IN TWENTY-NINE VOLUMES:

SPECIFYING
THE NUMBER OF VOLUMES;
AND CONTAINING
THE TITLE PAGES, TABLES OF CONTENTS, AND OUTSIDE LABELS,
TO EACH VOLUME;
AND,
A GENERAL ALPHABETICAL INDEX TO THE WHOLE:

TOGETHER WITH
A TABLE AND INDEX OF THE PUBLIC GENERAL ACTS
PASSED IN THIS SESSION.

2 February - - to - - 31 May,
M.DCCC.XXVI.

SESS. 1826.

TWENTY-NINE VOLUMES.

VOLUME.

1.—BILLS, PUBLIC;—Two Volumes.

- I. —(1.)—Alehouses; Bank of England; Criminal Justice; Church and College Lands; Debtor and Creditor; Insolvent Debtors; Juror and Juries; Promissory Notes; Silk Goods; Usury Laws; &c.
- II. —(2.)—Aliens; Assessed Taxes; Bankers in England and Scotland; Church Rates in Ireland; Clergy Parochial Residence; Customs; East Indies; Freeholders; Gardens and Spring Guns; Greenwich Hospital; Small Debts; Stage Coaches; &c.

With TABLE and INDEX of ACTS Passed.

2.—REPORTS FROM COMMITTEES;—Three Volumes.

- III. —(1.)—Expired and Expiring Laws;—Privilege of Members;—Committee Rooms and Printed Papers;—Poor Rate Returns;—Commercial Credit; The Bank; Promissory Notes; &c.
- IV. —(2.)—Emigration from the United Kingdom;—Minutes of Evidence on the Norwich and Lowestoft Navigation Bill; and on the Birmingham and Liverpool Canal Bill; &c.
- V. —(3.)—Prisons in Scotland; Butter Trade, and Market Tolls in Ireland; Circulating Paper, Specie, Current Coin and Exchange of Ireland; &c.
-

3.—REPORTS *brought from* THE LORDS;—Four Volumes.

- VI. —(1.)—On the Dignity of a Peer of the Realm; First Report, dated 25th May 1821.
- VII. —(2.)—Appendix, N^o 1, to the First Report; Part I.—Summonitiones tempore regis Johannis, Henrici 3, Edwardi 1, et Edwardi 2.
- VIII. —(3.)—The Same continued, Part II.—Summonitiones tempore regis Edwardi 3, Ricardi 2, Henrici 4, Henrici 5, Henrici 6, et Edwardi 4.
- IX. —(4.)—The Second, Third and Fourth Reports on D^o; together with Appendixes N^o II. III. and IV. to the First Report.
-

4.—REPORTS FROM COMMISSIONERS;—Eight Volumes.

- X. —(1.)—Revenue arising in Ireland, Scotland, &c. Thirteenth and Fourteenth Reports; Board of Stamps, London.
- XI. —(2.)—New Churches, 6th Annual Report; Ditto Scotland, 2d Report; London to Holyhead Road, 3d Report; Highland Roads and Bridges, 12th Report:—*Ireland*; Roads and Bridges, 1st Report; Public Accounts, 13th and 14th Reports; Fisheries, 7th Report, &c.
- XII. —(3.)—Charities in England and Wales, 14th;—Gloucester, London, Middlesex, Northampton, Somerset, Southampton, Southwark, Surrey; &c.
- XIII. —(4.)—D^o - - - 15th; - - County Palatine of Lancaster; Somerset, Southampton, Warwick, York; &c.
- XIV. —(5.)—Woods, Forests, and Land Revenues, 5th Report; Land Estates, Houses, New Streets, Fee-Farm Rents, Sales, Enfranchisement of Copyholds, Land Tax Redeemed, Lighthouses, Derelict Lands, The Regent's Park, The New Street, Further Improvements, &c.
- XV. —(6.)—Chancery Commission:—Report made to His Majesty by the Commissioners appointed to inquire into the Practice of Chancery.
- XVI. —(7.)—Chancery Commission:—Appendices (C.) and (D.) to the above Report.
- XVII. —(8.)—Courts of Justice, Ireland:—14th Report, Judge or Commissary of the Courts of Prerogative and Faculties:—15th Report; Office of Sheriff.
-

(continued.)

5.—PAROCHIAL EDUCATION SCOTLAND.

VOLUME.

XVIII. — Returns from the Sheriffs of the several Counties of Scotland, to the printed Queries sent them for circulation to the different Parishes in their respective Counties :—905 Parishes.

6.—FINANCE AND REVENUE.

XIX. — THE FINANCE ACCOUNTS of the United Kingdom, in VIII. Classes; also, Accounts relating to Revenue, Debt, Exchequer Bills, Taxes, Bank of England; &c.

7.—ESTIMATES AND ACCOUNTS;—Two Volumes.

XX. — (1.)—The Army, Navy, and Ordnance; Miscellaneous Services, I—V.; Commissaries, Civil Contingencies, Consuls; Greenwich Hospital; &c.

XXI. — (2.)—The British Museum, National Gallery, Buckingham Palace, and Windsor Castle; Westminster Abbey and Westminster Improvements; Lighthouses, Pilots, and Pilotage; Beer, Malt, and Hops; Corn, Grain, and Wheat, Foreign Corn, Mr. Jacob's Report, &c.

8.—ACCOUNTS AND PAPERS;—Two Volumes.

XXII. — (1.)—Country Banks and Country Bankers' Notes; Stamps on Bills of Exchange; Imports and Exports; Butter, Coals, Copper; Linen Flax and Linen Yarn; Silks, Spirits, and Seeds; Sugar, Tobacco and Snuff; Ships, Shipping and Tonnage; Superannuations, &c.

XXIII. — (2.)—Scotland and Ireland:—1. SCOTLAND: Banks and Small Notes; Clergy; Caledonian Canal; Jurors; Patents; Pensions, &c.—2. IRELAND: Bank and Bank Notes, and Country Bankers; Butter; Copper Coinage; Corn and Meal; Grain, Malt and Flour; Prisons; Schools; Stamps; Spirits; Tithe Composition; Commitments for Contempt of Court; &c.

9.—MISCELLANEOUS.

XXIV. — Police, Accounts and Papers: Reports, and Schedule (B.) under provisions of 4 Geo. IV. c. 64, commonly called The Gaol Act; Commitments; Convicts; Crown Debtors; Game Laws; Prisons, &c.

XXV. — The East India Company's Annual Revenues; Writers and Cadets; Regulations passed by the three Presidencies; the Island of Shapoor, Carnatic and Tanjore Debts; Mr. Burnett's case at the Cape of Good Hope, &c.

XXVI. — New South Wales Magistrates; West Indies, Administration of Civil and Criminal Justice; Liberated Africans; Colonial Population; Slave Population; Antigua; Demerara and Berbice; The Mauritius; Correspondence between the Admiralty and Naval Officers, relative to the Slave Trade, &c.

XXVII. — Captured Negroes, 2d part of Major Moody's Report; Slave Trade at the Mauritius and Bourbon, and the Seychelles; Slave Population in the Seychelles Islands, when captured, and also in 1815, 1819, and 1822.

XXVIII. — Slave Population, in the several Colonies of Barbados, Bahamas, Berbice, Demerara, Dominica, Grenada, Honduras, Jamaica, St. Vincent, St. Christopher, Nevis, Tortola, Trinidad, and Tobago; 1821—1825.

XXIX. — Slaves: Papers presented by Command of His Majesty, relating to the Melioration of the Slave Population; Correspondence with Foreign Powers on the same Subject; and Treaty and Conventions of Amity, Commerce, and Navigation with Foreign States.

WITH

10.—A GENERAL INDEX TO THE WHOLE.

**B I L L S,
P U B L I C :**

T W O V O L U M E S.

— (2.) —

ALIENS; ASSESSED TAXES; BANKERS IN ENGLAND AND SCOTLAND;
CHURCH RATES IN IRELAND; CLERGY; CORN; CUSTOMS;
EAST INDIES; GREENWICH HOSPITAL; SMALL DEBTS;
STAGE COACHES;
&c.

Session

2 February - - to - - 31 May,
1826.

VOL. II.

**WITH TABLE, AND INDEX, TO THE PUBLIC GENERAL ACTS
PASSED IN THIS SESSION.**

M. DCCC. XXVI.

B I L L S:

1826.

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A TABLE, AND INDEX,

OF THE

PUBLIC GENERAL ACTS

Passed in the 7th Session of the 7th Parliament of the United Kingdom of
Great Britain and Ireland : 7^o GEO. IV. 2 February—31 May 1826.

THE TABLE.

Cap. I.

Royal Assent.

- A**N ACT for granting and applying certain Sums of Money for the Service of the year one thousand eight hundred and twenty-six - - - (1st March 1826.)
- II. An Act for raising the Sum of Ten Millions by Exchequer Bills, for the Service of the year one thousand eight hundred and twenty-six - - - (1st March.)
- III. An Act to indemnify such Persons in the United Kingdom as have omitted to qualify themselves for Offices and Employments, and for extending the Time limited for those purposes respectively - - - (22d March.)
- IV. An Act to amend an Act of the last Session of Parliament, for making provision for the Salaries of certain Bishops, and other Ecclesiastical Dignitaries and Ministers, in the Diocese of *Jamaica*, and in the Diocese of *Barbadoes* and the *Leeward Islands*, and for enabling His Majesty to grant Annuities to such Bishops upon the resignation of their offices - - - (22d March.)
- V. An Act to give effect to Treaties of Commerce with Countries in *America* not at present provided with National Merchant Shipping - - - (22d March.)
- VI. An Act to limit, and after a certain period to prohibit, the issuing of Promissory Notes under a limited sum in *England* - - - (22d March.)
- VII. An Act to facilitate the advancing of Money by the Governor and Company of the Bank of *England* upon Deposits or Pledges - - - (22d March.)
- VIII. An Act to amend so much of an Act of the last Session of Parliament, for regulating the Qualification and the Manner of enrolling Jurors in *Scotland*, and of choosing Jurors in Criminal Trials there, and to unite Counties for the purposes of Trial in cases of High Treason in *Scotland*, as relates to the qualification of Special Jurors (22d March.)
- IX. An Act to provide for the more effectual Punishment of certain Offences in *Ireland*, by Imprisonment with Hard Labour - - - (22d March.)
- X. An Act for punishing Mutiny and Desertion; and for the better payment of the Army and their Quarters - - - (22d March.)
- XI. An Act for the regulating of His Majesty's Royal Marine Forces } while on Shore - - - (22d March.)
- XII. An Act for exonerating a certain Estate called Maes Llemystin, situate in the parish of Llangadfan, in the County of Montgomery, belonging to Charles Dallas, Esq. from the Claims of the Crown - - - (22d March.)
- XIII. An Act to alter and amend an Act passed in the fifty-fourth year of the reign of his late Majesty King George the Third, for vesting in His Majesty, his Heirs and Successors for ever, part of the Ground and Buildings now belonging to the Society of King's Inns, *Dublin*, for erecting thereon a Repository for public } Records in *Ireland* - - - (11th April.)
- XIV. An Act for the further amendment of an Act of the first and second years of His present Majesty, for the Establishment of Asylums for the Lunatic } Poor in *Ireland* - - - (11th April.)
- XV. An Act to amend an Act passed in the seventh and eighth year of the reign of King William the Third, for the more easy Recovery of Small Tithes - - - (11th April.)
- XVI. An Act to consolidate and amend several Acts relating to the Royal Hospitals for Soldiers at Chelsea and Kilmainham - - - (11th April.)
- XVII. An Act for remedying Inconveniences in the administration of Justice, arising from the present Vacancy of the See of Durham, and for preventing the } like in future - - - (11th April.)

- | <i>Cap.</i> | <i>Royal Assent.</i> |
|---|----------------------|
| XVIII. An Act to authorize the Disposal of unnecessary Prisons in }
<i>England</i> - - - - - | (11th April.) |
| XIX. An Act to repeal two Acts of the Parliaments of <i>Scotland</i> , relative to Assault and Battery <i>pendente lite</i> - - - - - | (11th April.) |
| XX. An Act to continue an Act of the first and second years of His present Majesty, for granting for the term of five years additional Stamp Duties on certain Proceedings in the Courts of Law in <i>Ireland</i> - - - - - | (5th May.) |
| XXI. An Act for the better regulating Proceedings on Writs of Mandamus in <i>Ireland</i> - - - - - | (5th May.) |
| XXII. An Act to enable Persons to continue their Compositions for Assessed Taxes for further periods, and for allowing Persons who have not compounded, to enter into Composition for a limited term - - - - - | (5th May.) |
| XXIII. An Act to repeal the Duties and Drawbacks of Excise upon tawed Kid Skins, Sheep Skins, and Lamb Skins - - - - - | (5th May.) |
| XXIV. An Act for fixing, until the twenty-fifth day of March one thousand eight hundred and twenty-seven, the Rates of Subsistence to be paid to Innkeepers and others on quartering Soldiers - - - - - | (5th May.) |
| XXV. An Act to continue, until the fifth day of July one thousand eight hundred and twenty-eight, An Act for preventing Private Distillation in <i>Scotland</i> - - - - - | (5th May.) |
| XXVI. An Act for continuing to His Majesty for one year, certain Duties on personal Estates, Offices, and Pensions in <i>England</i> , for the Service of the year one thousand eight hundred and twenty-six - - - - - | (5th May.) |
| XXVII. An Act to defray the Charge of the Pay, Clothing, and contingent and other Expenses of the Disembodied Militia in <i>Great Britain</i> and <i>Ireland</i> ; and to grant Allowances in certain cases, to Subaltern Officers, Adjutants, Quarter Masters, Surgeons, Assistant Surgeons, Surgeons Mates, and Serjeant Majors of Militia, until the twenty-fifth day of March one thousand eight hundred and twenty-seven - - - - - | (5th May.) |
| XXVIII. An Act for exonerating certain Estates called Corsica Hall, Alfriston, Maff Alfriston otherwise Maffe Alfryshon, and Dean Place, in the County of Sussex, belonging to John Henry Tilson, Esquire, from the claims of the Crown - - - - - | (5th May.) |
| XXIX. An Act to amend the Law of <i>Ireland</i> respecting the Assignment and Subletting of Lands and Tenements - - - - - | (5th May.) |
| XXX. An Act to amend the several Acts for authorizing Advances for carrying on Public Works, and to extend the Provisions thereof in certain cases - - - - - | (5th May.) |
| XXXI. An Act to amend an Act passed in the fifty-second year of the reign of his late Majesty King George the Third, so far as the same relates to the Retired Allowances of Quarter Masters of Cavalry and Infantry - - - - - | (5th May.) |
| XXXII. An Act to amend an Act for suppressing or regulating certain Offices therein mentioned, so far as relates to the Board of Trade - - - - - | (5th May.) |
| XXXIII. An Act to make further Regulations relating to the Licensing of Stage Coaches - - - - - | (5th May.) |
| XXXIV. An Act to amend an Act of the fifth year of his present Majesty, for amending the several Acts for the Encouragement and Improvement of the British and Irish Fisheries - - - - - | (5th May.) |
| XXXV. An Act to enable incapacitated Persons to convey to the Commissioners and Governors of the Royal Hospital for Seamen at Greenwich, in the County of Kent; certain Premises situate in the Parish of Greenwich in the said County, and for other purposes relating thereto - - - - - | (5th May.) |
| XXXVI. An Act to regulate the Service of the Process of the several Courts for the Recovery of Small Debts by Civil Bill in <i>Ireland</i> - - - - - | (5th May.) |
| XXXVII. An Act to regulate the Appointment of Juries in the <i>East</i> }
<i>Indies</i> - - - - - | (5th May.) |
| XXXVIII. An Act to enable Commissioners for trying Offences upon the Sea, and Justices of the Peace, to take Examinations touching such Offences, and to commit to safe custody Persons charged therewith - - - - - | (5th May.) |
| XXXIX. An Act for funding Eight Millions of Exchequer Bills - - - - - | (5th May.) |
| XL. An Act to authorize the Lords Commissioners of his Majesty's Treasury to advance Money out of the Consolidated Fund towards the Expenses of rebuilding London Bridge - - - - - | (5th May.) |
| XLI. An Act to amend the Laws for the Recovery of Small Debts, and the Proceedings for that purpose, in the Manor Courts in <i>Ireland</i> - - - - - | (26th May.) |
| XLII. An Act to amend the Laws in force in <i>Ireland</i> for preventing the vexatious Impounding of Cattle for Trespass or Damage feasant - - - - - | (26th May.) |
| XLIII. An Act to amend the Laws in force in <i>Ireland</i> relating to Conveyances and Transfers of Estates and Funds vested in Trustees - - - - - | (26th May.) |
| XLIV. An Act to allow, until the tenth day of October one thousand eight hundred and twenty-six, the Enrolment of certain Articles of Clerkship; to prevent Attornies and others from being prejudiced in certain cases by the neglect to take out their Annual Certificates; to prohibit the stamping Articles of Clerkship after a certain time; and to extend the period for taking out Certificates after Matriculation at the Universities (26th May.) | |

Cap.

Royal Assent.

XLV. An Act for repealing an Act passed in the thirty-ninth and fortieth years of the reign of his late Majesty King George the Third, intituled, An Act for Relief of Persons entitled to Entailed Estates to be purchased with Trust Monies, and for making further Provisions in lieu thereof - - - - - (26th May.)

XLVI. An Act for the better regulating Copartnerships of certain Bankers in England; and for amending so much of an Act of the thirty-ninth and fortieth years of the reign of his late Majesty King George the Third, intituled, An Act for establishing an Agreement with the Governor and Company of the Bank of England, for advancing the sum of Three Millions towards the Supply for the Service of the year one thousand eight hundred, as relates to the same - - - - - (26th May.)

XLVII. An Act to allow, until the fifth day of April one thousand eight hundred and thirty, certain Bounties on the Exportation from Ireland of Salmon, Red Herrings, and Dried Sprats - - - - - (26th May.)

XLVIII. An Act to alter and amend the several Laws relating to } (26th May.)
the Customs - - - - -

XLIX. An Act to amend several Laws of Excise relating to Bonds on Excise Licences in Ireland, Tiles and Bricks for draining, Oaths on Exportation of Goods, Permits for the Removal of Tea in Ireland, size of Casks in which Spirits may be warehoused in Scotland and Ireland, the Allowance of Duty on Starch and Soap used in certain Manufactures, and the repayment of Money advanced by Collectors of Excise for Public Works in Ireland - - - - - (26th May.)

L. An Act for raising the Sum of Thirteen Millions Two hundred thousand Pounds, by Exchequer Bills, for the Service of the year one thousand eight hundred } (26th May.)
and twenty-six - - - - -

LI. An Act to confirm Sales made by the Surveyor-General and the Commissioners of the Land Revenue of the Crown, under an Act of the forty-eighth year of his late Majesty - - - - - (26th May.)

LII. An Act for defraying the Expense of any additional Naval Force to be employed in the East Indies. - - - - - (26th May.)

LIII. An Act to regulate the Importation of Silk Goods until the tenth day of October one thousand eight hundred and twenty-eight, and to encourage the Silk Manufactures by the Repeal of certain Duties - - - - - (26th May.)

LIV. An Act for the Registration of Aliens - - - - - (26th May.)

LV. An Act to regulate the manner of taking the Poll at Elections of Knights of the Shire to serve in Parliament for the County of York - - - - - (26th May.)

LVI. An Act to suspend the Provisions of an Act of his late Majesty, respecting the Appointment of Writers in the Service of the East India Company, and to authorize the Payment of the Allowances of the Civil and Military Officers of the said Company dying while absent from India - - - - - (26th May.)

LVII. An Act to amend and consolidate the Laws for the Relief of Insolvent Debtors in England - - - - - (26th May.)

LVIII. An Act to amend the Laws relating to Corps of Yeomanry Cavalry and Volunteers in Great Britain - - - - - (26th May.)

LIX. An Act to continue for seven years, and from thence to the end of the then next Session of Parliament, an Act of the fifty-ninth year of his late Majesty, for facilitating the recovery of the Wages of Seamen in the Merchant Service - - - - - (26th May.)

LX. An Act to prevent the wilful and malicious Destruction of Dwelling Houses in Ireland - - - - - (26th May.)

LXI. An Act for the more effectual administration of Justice in Cities, Towns Corporate, and other local Jurisdictions in Ireland - - - - - (26th May.)

LXII. An Act to make Provision for the uniform Valuation of Lands and Tenements in the several Baronies, Parishes, and other Divisions of Counties in Ireland, for the purpose of the more equally levying of the Rates and Charges upon such Baronies, Parishes and Divisions, respectively - - - - - (26th May.)

LXIII. An Act to provide for repairing, improving, and rebuilding Shire Halls, County Halls, and other Buildings, for holding the Assizes and Grand Sessions, and also Judges Lodgings, throughout England and Wales - - - - - (26th May.)

LXIV. An Act for improving the administration of Criminal Justice } (26th May.)
in England - - - - -

LXV. An Act to continue until the first day of January one thousand eight hundred and twenty-seven, and to the end of the next Session of Parliament, an Act of the third year of His present Majesty, for regulating the manner of licensing Ale- } (26th May.)
houses in England - - - - -

LXVI. An Act to render more effectual the several Acts now in force to promote the Residence of the Parochial Clergy, by making Provision for purchasing Houses and other necessary Buildings for the use of their Benefices - - - - - (26th May.)

LXVII. An Act to regulate the Mode in which certain Societies or Copartnerships for Banking in Scotland, may sue and be sued - - - - - (26th May.)

LXVIII. An Act to amend so much of an Act of the thirty-first year of his late Majesty, as relates to the Election of Members to serve in the Legislative Assembly of the Province of Upper Canada - - - - - (26th May.)

- | <i>Cap.</i> | <i>Royal Assent.</i> |
|---|----------------------|
| LXIX. An Act to amend the Law in respect to the Offence of stealing from Gardens and Hothouses - - - - - | (31st May.) |
| LXX. An Act to permit Foreign Corn, Meal, and Flour, warehoused, to be taken out for Home Consumption, until the sixteenth day of August one thousand eight hundred and twenty-six - - - - - | (31st May.) |
| LXXI. An Act to empower His Majesty to admit Foreign Corn for Home Consumption under certain Limitations, until the first day of January one thousand eight hundred and twenty-seven, or for six weeks after the commencement of the then next ensuing Session of Parliament, if Parliament shall not then be sitting - - - - - | (31st May.) |
| LXXII. An Act to consolidate and amend the Laws which regulate the Levy and Application of Church Rates and Parish Cesses, and the Election of Churchwardens, and the maintenance of Parish Clerks, in <i>Ireland</i> - - - - - | (31st May.) |
| LXXIII. An Act to consolidate the Laws in force in <i>Ireland</i> , for the Disappropriation of Benefices annexed to Dignities, and for the Appropriation of others in their stead, and for uniting Benefices with Dignities, and to make further Provisions for the like Purposes - - - - - | (31st May.) |
| LXXIV. An Act for consolidating and amending the Laws relating to Prisons in <i>Ireland</i> - - - - - | (31st May.) |
| LXXV. An Act to explain an Act of the fifty-third year of the reign of his late Majesty, respecting the Enrolment of Memorials of Grants of Annuities - - - - - | (31st May.) |
| LXXVI. An Act for further extending the Powers of an Act for vesting in Commissioners the Bridges building over the Menai Straits and the River Conway, and the harbours of Howth and Holyhead, and the Road from Dublin to Howth, and for the further improvement of the Road from London to Holyhead - - - - - | (31st May.) |
| LXXVII. An Act to extend to Charing Cross, the Strand, and places adjacent, the Powers of an Act for making a more convenient Communication from Mary-le-bone Park; and to enable the Commissioners of His Majesty's Woods, Forests, and Land Revenues, to grant Leases of the Site of Carlton Palace - - - - - | (31st May.) |
| LXXVIII. An Act to vest in the Commissioners of His Majesty's Woods, Forests, and Land Revenues, the Powers of several Acts for the Improvement of the Streets near Westminster Hall and the Houses of Parliament; and to authorize the conversion of the Pavements in several parts of the Metropolis into broken Stone }
Roads - - - - - | (31st May.) |
| LXXIX. An Act for applying a Sum out of the Consolidated Fund, and the Surplus of the Grants of the year one thousand eight hundred and twenty-five, to the Service of the year one thousand eight hundred and twenty-six; and for further appropriating the Supplies granted in this Session of Parliament - - - - - | (31st May.) |

I N D E X

TO THE PUBLIC GENERAL ACTS, 7^o GEO. IV. SESS. 1826.

Showing whether they relate to the Whole or any Part of the United Kingdom;

VIZ.

(E.) signifies that the Act relates to - - - }	England, (and Wales; if the subject extends so far.)
(W.) - - - - - }	Wales only.
(S.) - - - - - }	Scotland.
(I.) - - - - - }	Ireland.
(E. & I.) - - - - - }	England and Ireland.
(S. & I.) - - - - - }	Scotland and Ireland.
(G. B.) - - - - - }	Great Britain; or England and Scotland.
(G. B. & I.) - - - - - }	Great Britain and Ireland.
(U. K.) - - - - - }	The Whole of the United Kingdom.

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o Bats. on special cards.

R E P O R T S
FROM
C O M M I T T E E S:

THREE VOLUMES.

—(1.)—

EXPIRED LAWS; PRIVILEGE OF MEMBERS;
COMMITTEE ROOMS AND PRINTED PAPERS;
COMMERCIAL CREDIT; THE BANK; PROMISSORY NOTES;
POOR RATE RETURNS; MR. KENRICK;

&c.

[Parliamentary papers.]

Session

2 February - - to - - 31 May,

1826.

VOL. III.

—
C

M. DCCC. XXVI.

1878, Dec. 30.
Summer fund.

REPORTS FROM COMMITTEES:

1826.

THREE VOLUMES:—CONTENTS OF THE FIRST VOLUME.

N. B.—*THE* Figures at the beginning of the line, correspond with the N° at the foot of each Report; and the Figures at the end of the line, refer to the MS. Paging of the Volumes done up for The House of Commons.

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R E P O R T
ON
EXPIRED AND EXPIRING
L A W S.

6 February 1826.

R E P O R T

FROM THE

C O M M I T T E E

UPON

EXPIRED *and* EXPIRING LAWS:

FOR THE

**VIITH Session—VIITH Parliament of the United Kingdom of
GREAT BRITAIN and IRELAND.**

(7 GEO. IV.)

Ordered, by The House of Commons, to be Printed,
6 February 1826.

THE COMMITTEE appointed to enquire what **TEMPORARY LAWS** of a Public and General Nature, made by the Parliaments of England, or Great Britain, or Ireland, or of The United Kingdom, **ARE NOW IN FORCE**; and what Laws, of the like nature, passed by the English, British, Irish, or United Parliaments, **HAVE EXPIRED**, between the First day of the last Session of Parliament and the First day of the present Session; and also what Laws, of the like nature, **ARE ABOUT TO EXPIRE**, in the Course, or at the End, of the present Session, or on or before the First day of August 1827; or in the Course, or at the End, of any Session which may commence during that period; or in consequence of any Contingent Public Event; and to report the same, with their Observations thereupon, to the House: And who were instructed to report their Opinion, from time to time, to The House, which of the said Laws are fit to be revived, continued, or made perpetual:—

HAVE proceeded to an Examination of the Matters referred to them: And beg leave to present to The House;

First: A detailed **STATEMENT** or **REGISTER** of all the **TEMPORARY LAWS**, of a Public and General Nature, now in force; which have been enacted by the **PARLIAMENTS** of **ENGLAND**, or **GREAT BRITAIN**, or **IRELAND**, or of **The UNITED KINGDOM**, from the Commencement of the Reign of King **WILLIAM** the Third, to the 6th day of July 1825, being the last day of the last Session of Parliament; specifying the Matter, Date, Chapter and Title, of each of the original Acts, and the Dates and Chapters of the respective subsidiary Acts by which they have been either amended or continued.—In drawing up this Statement or Register, They have proceeded, by continuing the Enumeration of Laws contained in the Report of the Committee on Expired and Expiring Laws, ordered to be printed on the 7th day of February 1825, and adding thereto such Temporary Laws as have since been passed, and are now in force; and also, by making such Alterations therein, as have been rendered necessary by other Laws which were passed during the last Session.

Secondly: Your Committee have drawn up an Enumeration of all the Public General Laws, of a Temporary Nature, which **HAVE EXPIRED** between the 3d day of February 1825, being the First day

of the last Session, and the 2d day of February 1826, being the First day of the present Session : Omitting only such Annual and other Acts as have been replaced by subsequent Acts now in force.

Thirdly : Your Committee have drawn up an Enumeration of all the Public General Laws which are ABOUT TO EXPIRE, in the Course, or at the End, of the present Session, or on or before the first day of August 1827, or in the Course, or at the End, of any Session which may commence during that Period : and They have arranged this Enumeration chronologically, according to the Dates at which they will expire respectively.

Fourthly : Your Committee have drawn up an Enumeration of Laws the Duration whereof depends on PUBLIC CONTINGENCIES. In this List they have not thought it necessary to include several, which, though of a Temporary and Contingent Duration, do not seem to require any special Notice ; namely, such as have been made for the Funding of particular Loans, or for granting Personal Annuities, &c. &c.

To the Whole, Your Committee have subjoined an ALPHABETICAL TABLE of the Matters of the several Acts enumerated in their Report.

6 February 1826.

I.—REGISTER of TEMPORARY LAWS, now in force,
including those of the Parliament of Ireland, from the
Commencement of the Reign of King WILLIAM III.
to the 2d day of February 1826; the first day of the
Session 7 GEO. IV.

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REGISTER OF TEMPORARY LAWS

NOW IN FORCE.

(A.) ACTS OF THE ENGLISH AND BRITISH PARLIAMENTS:

FROM THE COMMENCEMENT OF THE REIGN OF KING WILLIAM III. TO
THE UNION OF GREAT BRITAIN AND IRELAND.

<i>Matter.</i>	<i>Date.</i>	<i>Ch.</i>	<i>Title of the Act.</i>	<i>Duration.</i>
1. BANK of ENGLAND.	5 W. & M. N. B. This Corpora- tion further contin- ued by successive Loan Acts down to 3 Geo. 4.	20. § 20. 51. § 18.	For granting to their Majesties several rates and duties upon Tonnage of Ships and Vessels, and upon Beer, Ale, and other Liquors; for securing certain recompences and advantages, in the said Act mentioned, to such persons as shall voluntarily advance the sum of £. 1,500,000. towards the carrying on the war against France. See also 7 Ann. c. 7. (N° 3.) & 3 Geo. IV. c. 51. (N° 47.)	Till Redemption of all Bank Annuities created by Parliament.
2. EAST INDIA COMPANY.	9, 10 W. 3. continued and extended by 6 Ann. 10 Ann. 3 Geo. 2. 17 - - 13 Geo. 3. 19 - - 20 - - 21 - - 33 - - 53 - - 54 - -	44. 17. 28. 14. 17. 64. 61. 56. 65. 52. 155. 34.	For raising a sum, not exceeding Two Millions, upon a fund for payment of Annuities after the rate of eight pounds per centum per annum, and for settling the trade to the East Indies. N. B.—See also the following Acts relating to the East India Company; viz.—7 Geo. 1. st. 1. c. 5. § 32, 33; 7 Geo. 3. c. 50; 10 Geo. 3. c. 47; 23 Geo. 3. c. 22; 26 Geo. 3. c. 62; 28 Geo. 3. c. 29; 29 Geo. 3. c. 65; 31 Geo. 3. c. 11; 33 Geo. 3. c. 47; 34 Geo. 3. c. 41; 37 Geo. 3. c. 31; 44 Geo. 3. c. 3; 47 Geo. 3. st. 2. c. 41; 51 Geo. 3. c. 64; & 52 Geo. 3. c. 121; as to the Interest on, and increase of, their Capital Stock and Bond Debt:—7 Geo. 3. c. 57; 9 Geo. 3. c. 24; 23 Geo. 3. cc. 36, 83; 24 Geo. 3. c. 34; 50 Geo. 3. c. 114; 52 Geo. 3. cc. 10, 135; and 3 Geo. 4. c. 93; as to Payments by the Company, and relief or advances to the Company:—7 Geo. 3. c. 50; 10 Geo. 3. c. 47; 13 Geo. 3. c. 63; 17 Geo. 3. c. 8; 21 Geo. 3. c. 70; 26 Geo. 3. c. 25; 27 Geo. 3. c. 48; 33 Geo. 3. c. 52; 36 Geo. 3. cc. 119, 127; 37 Geo. 3. c. 142; 39 Geo. 3. c. 59; 39 & 40 Geo. 3. cc. 59, 79; 41 Geo. 3. U. K. c. 21; 42 Geo. 3. c. 29; 45 Geo. 3. c. 36; 47 Geo. 3. st. 2. c. 68; 51 Geo. 3. c. 75; 53 Geo. 3. c. 155; 55 Geo. 3. cc. 64, 84; 4 Geo. 4. c. 71; 5 Geo. 4. c. 108; 6 Geo. 4. c. 85, for Regulating the affairs of the Company in India and Europe:—24 Geo. 3. st. 2. c. 25; [26 Geo. 3. c. 16, repealed by 33 Geo. 3. c. 52. § 146]; 26 Geo. 3. c. 57; 28 Geo. 3. c. 8; 31 Geo. 3. c. 10, for erecting the Board of Controul, &c.—[27 Geo. 2. c. 9; 1 Geo. 3. c. 14, Repealed after 1 Feb. 1824, by 4 Geo. 4. c. 81. § 74]; 28 Geo. 3. c. 8; 31 Geo. 3. c. 10; 33 Geo. 3. c. 52; 37 Geo. 3. c. 74; 39 Geo. 3. c. 109; 43 Geo. 3. c. 48; 50 Geo. 3. c. 87; 52 Geo. 3. c. 122; 53 Geo. 3. c. 155; 1 Geo. 4. c. 99; 4 Geo. 4. cc. 71, 81; 6 Geo. 4. c. 61, Relating to the military forces and volunteers in the Company's pay:—6 An. c. 3; 7 Geo. 1. st. 1. c. 21. § 9; 33 Geo. 3. c. 52; 37 Geo. 3. c. 117; 42 Geo. 3. c. 77; 48 Geo. 3. c. 30; 53 Geo. 3. c. 155; 54 Geo. 3. c. 34; 57 Geo. 3. cc. 36, 95; 1, 2 Geo. 4. c. 65; 4 Geo. 4. c. 80; 5 Geo. 4. c. 88, as to their Exclusive trade, and the Permitted trade of individuals:— 12 Geo. 3. c. 54; 43 Geo. 3. cc. 63, 137; 46 Geo. 3. c. 85; 55 Geo. 3. c. 116; 57 Geo. 3. c. 120; 58 Geo. 3. c. 83; 4 Geo. 4. c. 80; as to their Shipping:—54 Geo. 3. c. 36, (in part repealed by 6 Geo. 4. c. 105;) 54 Geo. 3. c. 103; 4 Geo. 4. c. 72; as to Regu- lations for payment, &c. of customs duties on East India goods.	Till Expiration of three Years' Notice to be given after 10 April - - 1831

(A) ACTS OF THE ENGLISH AND BRITISH PARLIAMENTS—continued.					
Matter.	Date.	Ch.	Title of the Act.	Duration.	
3. BANK of ENGLAND Continuance: and OTHER BANKERS LIMITED IN NUMBER.	6 Ann. 7 - - 15 Geo. 2. 4 Geo. 3. 21 - - 39, 40	22. § 9. 7. 13. 25. 60. 28.	For continuing several duties, &c. and for securing the credit of the Bank of England, &c. &c. [As to continuance of the Bank Charter, See <i>ante</i> , N° 1: And as to receipt of Bank Notes in payment of the Public Revenue, See 56 Geo. 3. c. 96. <i>post</i> , N° 25.]	Determinable upon 12 Months Notice after 1 August, & Repayment, &c.	1833
4. ROYAL FAMILY.	18 Geo. 3. And see 46 - - 47 (st. 1.) 52 - -	31. 145. 39. 57.	For enabling his Majesty to settle on their Royal Highnesses the Princes Frederick Bishop of Osnaburgh, William Henry, [Edward,*] Ernest Augustus, Augustus Frederick, and Adolphus Frederick, an Annuity of Sixty thousand Pounds per annum; and also to settle on their Royal Highnesses the Princesses Charlotte Augusta Matilda, Augusta Sophia, Elizabeth, Mary, and Sophia, one other Annuity of Thirty thousand Pounds per annum; and also to settle on his Highness Prince William Frederick, one other Annuity of Eight thousand Pounds per annum; and on her Highness the Princess Sophia Matilda, one other Annuity of Four thousand Pounds per annum. N. B.—By 39 Geo. 3. c. 30. his Majesty was enabled to settle on her Royal Highness Princess Amelia, part of the said Annuity of £.30,000.—The Princess died 2d Nov. 1810. By 52 Geo. 3. c. 57. the annuity to the Princesses is increased to £.36,000. * Prince Edward, Duke of Kent, deceased 23 January 1820. See 1 Geo. IV. c. 108. <i>post</i> , N° 36.	The respective Lives of the Grantees.	
5. FLAX, COTTON.	23 Geo. 3. amended by 43 - - continued by several Acts, the last 3 Geo. IV.	77. 29. § 6. 25. § 4.	For the more effectual encouragement of the manufactures of Flax and Cotton in Great Britain. The Act 3 Geo. IV. c. 25. is also an amending Act.	5 July	1826
6. ANNUITIES.	29 Geo. 3. amended 30 - -	41. 45.	For raising a certain sum of Money, by way of Annuities, to be attended with the benefit of survivorship, in classes. [By the Act 30 Geo. 3. these Annuities are converted into annuities for 69 years and $\frac{1}{2}$ from 10th October 1790.]	5 January	1860

(A.) ACTS OF THE ENGLISH AND BRITISH PARLIAMENTS—continued.

Matter.	Date.	Ch.	When passed.*	Title of the Act.	Duration.
7. BANK of ENGLAND. — FORGERY.	33 Geo. 3.	30.	30 April 1793.	<p>* The Date of passing appears on the face of all British Acts passed after 8th April 1793, in pursuance of the directions in the British Act 33 Geo. 3. c. 13.—But it does not appear on the Irish Acts, as printed, until 39 Geo. 3. though the Regulation of the British Act 33 Geo. 3. c. 13, was enacted in Ireland by 35 Geo. 3. (1.) c. 12.</p> <p>For the better preventing forgeries and frauds, in the transfers of the several Funds transferrable at the Bank of England.</p>	Till Annuities redeemed. (See N° 1.)
8. PROMISSORY NOTES.	37 Geo. 3. continued & amended by 37 Geo. 3. 38 Geo. 3. 39 Geo. 3. 43 - - 44 - - 45 - - 55 - - 56 - - 3 Geo. 4.	32. 61. 120. 7. 9. 24. 47. 107. § 8. 1. 4. § 1 25. 6. 21. 70.	10 March 1797. 22 July 1822.	<p>To suspend, for a limited time, the operation of two Acts [15 Geo. 3. c. 51, and 17 Geo. 3. c. 30,] for restraining the negotiation of Promissory Notes and Inland Bills of Exchange, under a limited sum, within that part of Great Britain called England.</p> <p>[The Acts 15 Geo. 3. c. 51. and 17 Geo. 3. c. 30. (the latter made perpetual by 27 Geo. 3. c. 16.) were suspended by 37 Geo. 3. c. 32, so far as related to Notes under £. 5 payable on demand to bearer.—By 48 Geo. 3. c. 88. the Act 15 Geo. 3. c. 51. was repealed, and all Notes under 20s. declared void.—By the Acts 55 Geo. 3. c. 6; 56 Geo. 3. c. 21; and 3 Geo. 4. c. 70, the Act 37 Geo. 3. c. 32, is continued so far as it suspends the Act 17 Geo. 3. c. 30.]</p>	3 January 1833
9. EAST INDIA COMPANY. (Neutral Ships.)	37 Geo. 3.	117.	19 July 1797.	For regulating the Trade to be carried on with the British Possessions in India, by the ships of Nations in amity with his Majesty.	Continuance of the East India Company's Trade & Ter- ritorial Rights. [See N° 2.]
10. MILITIA, ENGLISH. ALLOWANCES to DISEMBODIED ADJUTANTS, &c.	39 & 40 Geo. 3. revived and continued 41 (U.K.) revived, continued and amended, by Annual Acts; The last, 6 Geo. 4.	44- 55. 31. § 23.	30 May 1800. 10 June 1825.	For granting, [until, &c.] certain Allowances to Adjutants, Serjeant Majors, and Serjeants of Militia, disembodied under an Act of this Session of Parliament, intituled, "An Act for enabling his Majesty to accept the services of an additional number of Volunteers from the Militia, under certain restrictions."	25 March 1826

(B.) ACTS OF THE IRISH PARLIAMENT,
PASSED BEFORE THE UNION OF GREAT BRITAIN AND IRELAND.

<i>Matter.</i>	<i>Date.</i>	<i>Ch.</i>	<i>Title of the Act.</i>	<i>Duration.</i>	
11. LIGHTING, WATCHING, and CLEANSING CITIES, not provided for by other Acts.	5 Geo. 3. amended & continued by 13, 14 - 25 - - 36 - - continued 47 (st. 1.)	15. § 11-22. 20. 54. § 3. 6. 51. 42.	For continuing, reviving, and amending several temporary Statutes; and for empowering the Grand Jury of the County of Kilkenny at the Assizes to increase the yearly Salary of the Treasurer of the said County.	25 April	1828
12. BANK of IRELAND.	21, 22 G. 3. amended by 31 - - 37 - - 48 - - 1, 2 G. 4. 3 Geo. 4.	16. 22. 50. 103. 72. 26.	For establishing a Bank, by the name of The Governor and Company of the Bank of Ireland. By 3 Geo. IV. c. 26. the Loan of £. 1,250,000 from the Bank to Government under the Act 48 Geo. 3. c. 103. is to be repaid on - - - - - And the rate of Interest thereon is reduced to 4-per-cent. See <i>post</i> , N° 40.	After 1 January on previous Notice to the Bank, and Redemption by Government 1 January	1837 1838
13. DUBLIN WIDE STREETS, and COAL-TRADE.	21, 22 G. 3. amended and continued by 23, 24 - amended 30 - - continued 49 - - 51 - -	17. 31. 19. 72. 10. 11.	For the Improvement of the City of Dublin, by making wide and convenient Passages through the same; and for regulating the Coal Trade thereof. ¹ By 51 Geo. 3. c. 10. As to improvement of Dublin. ² By 51 Geo. 3. c. 11. As to Coal trade. See 36 Geo 3. c. 54.—40 Geo. 3. c. 61.	¹ 25 March ² 25 March	1833 1832

(C.) ACTS OF THE UNITED PARLIAMENT;SUBSEQUENT TO 1ST JANUARY 1801:THE COMMENCEMENT OF
THE UNION OF GREAT BRITAIN AND IRELAND.

<i>Matter.</i>	<i>Date.</i>	<i>Ch.</i>	<i>When passed.</i>	<i>Title of the Act.</i>	<i>Duration.</i>
14. MARINERS (IRELAND.)	42 Geo. 3.	61. § 10.*	3 June 1802.	For the further encouragement of Irish Mariners, and for other purposes relating thereto. * Respecting navigating Irish ships in time of war.	During any War.
15. ANNUITIES.	43 Geo. 3.	67.	24 June 1803.	For raising the sum of Twelve Millions, by way of annuities.	56 Years and 9 Months from 5 April 1803; i. e. 5 January 1860
16. YEOMANRY. (Ireland.)	43 Geo. 3. continued as to Ireland. 54 - - and amended 56 - - continued 58 - - revived & continued 1 Geo. 4. continued & amended 4 Geo. 4.	121. 178. 72. 40 48. 15.	11 Aug. 1803. 24 Mar. 1823.	For authorizing the billeting of such troops of Yeomanry [and Volunteer] Cavalry as may be desirous of assembling for the purpose of being trained together in [Great Britain and] Ireland; and for subjecting to military discipline, during the war, such sergeants serving in any [Volunteer or] Yeomanry Corps of Cavalry or Infantry, as receive constant pay, and all trumpeters, drummers, or bugle men serving therein, and receiving pay at any daily or weekly rate; and for the further regulating of such Yeomanry [and Volunteer] Corps. This Act is repealed with respect to Volunteers in <i>Great Britain</i> by 44 G. 3. c. 54, a permanent Act.	24 March and END of then NEXT SESSION. 1828
17. ROYAL FAMILY.	46 Geo. 3. amended 47 (st. 1.)	145. 39.	22 July 1806. 9 April 1807.	For enabling his Majesty to settle Annuities on certain Branches of the Royal Family. * Viz. Dukes of Clarence, [Kent,*] Cumberland, Sussex, and Cambridge, [Princess Charlotte of Wales,*] [Duchess Dowager of Gloucester,*] Duke of Gloucester, and Princess Sophia of Gloucester. * } Expired as to these Grantees by their } decease.	During the Lives of the Grantees

(C.) ACTS OF THE UNITED PARLIAMENT— <i>continued.</i>						
<i>Matter.</i>	<i>Date.</i>	<i>Ch.</i>	<i>When passed.</i>	<i>Title of the Act.</i>	<i>Duration.</i>	
18. ARMS; IRELAND.	47 Geo. 3. (st. 2.) continued & amended 50 Geo. 3. continued 53 Geo. 3. revived & continued 57 Geo. 3. 1 Geo. 4. continued 4 Geo. 4.	54. 109. 78. 21. 47. 14.	13 Aug. 1807. 24 Mar. 1823.	To prevent improper persons from having Arms in Ireland. By the Act 4 Geo. IV. c. 14, the Act 47 Geo. 3. as amended by 50 Geo. 3. was continued for 5 years, &c. from the end of the Session 4 Geo. IV.—That Session ended on the 19th of July 1823.	19 July and END of then NEXT SESSION.	1828
19. MALTA.	49 Geo. 3.	34.	28 April 1809.	To permit the registry at Malta of Ships taken as prize. See also permanent Act 55 Geo. 3. c. 29. for regulating the trade to Malta. That Act is extended to Gibraltar by 57 Geo. 3. c. 4.	While Malta is under the British Government, & twelve months after.	
20. PORTUGUESE DOMINIONS, (Trade with.)	51 Geo. 3.	47.	31 May 1811.	For carrying into effect the Provisions of a Treaty of Amity, Commerce, and Navigation, concluded between his Majesty and his Royal Highness the Prince Regent of Portugal. And see § 8 of 59 Geo. 3. 54. <i>post</i> , N° 31.	Continuance of the Treaty (dated 19 Feb. 1810) with Portugal.	
21. PILCHARD FISHERY.	52 Geo. 3. continued 59 - -	42. 77.	20 April 1812. 6 July 1819.	For amending the laws relating to the Allowance of the Bounties on Pilchards exported.	24 June	1826
22. CREDITORS: (Scotland.)	54 Geo. 3. continued 3 Geo. 4. 4 Geo. 4. 6 Geo. 4.	137. 29. 8. 11.	25 July 1814. 31 Mar. 1825.	For rendering the Payment of Creditors more equal and expeditious in Scotland.	25 July and END of then next SESSION.	1826
23. ROYAL FAMILY.	56 Geo. 3.	24.	11 April 1816.	For better enabling his Majesty to make provision for the Establishment of [her Royal Highness the Princess Charlotte Augusta, and'] his Serene Highness Leopold George Frederick Duke of Saxe, Margrave of Meissen, Landgrave of Thuringen, Prince of Coburg of Saalfeld. * Expired, as to the Princess, by her decease.	Life of Prince Leopold.	

(C.)

ACTS OF THE UNITED PARLIAMENT—continued.

Matter.	Date.	Ch.	When passed.	Title of the Act.	Duration.
24. ALIENS.	56 Geo. 3. continued 58 - - 1 Geo. 4. 3 Geo. 4. continued & amended 5 Geo. 4.	86. 96. 105. 97. 37.	26 June 1816. 10 June 1818. 24 July 1820. 30 July 1822. 17 May 1824.	For establishing regulations respecting Aliens, arriving in, or resident in this Kingdom, in certain cases: [for two years from the passing of this Act, and until the End of the session of Parliament in which the said two years shall expire, if Parliament shall be then sitting.] By the Act 58 Geo. 3. the Act of 56 Geo. 3. was continued from the 26th of June 1818 for two years, and until the end of the Session in which that Term should expire.—The Term of two years expired in the Session 1 Geo. 4. which Session ended on the 23d of Nov. 1820.—By the Act 1 Geo. 4. c. 105, the Act of 56 Geo. 3. was continued for two years "from the Expiration thereof," (i. e. to the 23d of Nov. 1822.)—The Acts 3 Geo. 4. & 5 Geo. 4. respectively continued the Act 56 Geo. 3. for two years from the time of Expiration, i. e. 23d Nov. 1822 and 1824 respectively.	23 November 1826
25. BANK of ENGLAND.	56 Geo. 3.	96.	26 June 1816.	For establishing an agreement with the Governor and Company of the Bank of England, for advancing the sum of Three Millions for the service of the year 1816. See § 2. as to repayment of the Loan; and † 4. as to receipt of Bank Notes, in payment of the public revenue.—See also N° 1, 3.	Until Repayment on or before 1 August 1833
26. ROYAL FAMILY.	58 Geo. 3.	24.	8 May 1818.	For enabling his Majesty [to make further Provision for his Royal Highness the Duke of Cambridge; and †] to settle an Annuity on the Princess of Hesse, in case she shall survive his said Royal Highness. † As to the Duke, see now 1 Geo. IV. c. 108. post, N° 36.	† The Princess's Life.
27. ROYAL FAMILY.	58 Geo. 3.	25.	8 May 1818.	For enabling his Majesty to settle an Annuity on her Royal Highness the Duchess of Cumberland, in case of her surviving his Royal Highness the Duke of Cumberland.	Life of the Duchess.
28. ROYAL FAMILY.	58 Geo. 3.	53.	30 May 1818.	For enabling his Majesty [to make further Provision for his Royal Highness the Duke of Kent, and †] to settle an Annuity on the Princess of Leiningen, in case she shall survive his said Royal Highness. † Expired, as to the Duke, by the decease of his Royal Highness. See as to the Princess Alexandrina Victoria of Kent, post, N° 72.	† The Princess's Life.
29. CHARITIES.	58 Geo. 3. continued & amended 59 - - continued 5 Geo. 4.	91. 81. 58.	10 June 1818. 6 July 1819. 9 June 1824.	For appointing Commissioners to inquire concerning Charities in England for the Education of the Poor. See also 59 Geo. 3. c. 91. for facilitating applications to courts of equity in relation to charities. By 59 Geo. 3. c. 81, the Act 58 Geo. 3. was continued to the End of the Session next after 1 August 1823. That Session ended on 25 June 1824; and the Act 5 Geo. 4. continued the Acts 58 & 59 Geo. 3. for 4 years, &c. from the time of their expiration.	25 June 1828 and END of then next SESSION.

(C.) ACTS OF THE UNITED PARLIAMENT—continued.						
Matter.	Date.	Ch.	When passed.	Title of the Act.	Duration.	
30. ASSESSED TAXES, (Great Britain.)	59 Geo. 3. amended 1 Geo. 4. continued & amended 1, 2 G. 4. amended 3 Geo. 4. 4 Geo. 4. 5 Geo. 4.	51. 73. 113. 50. 11 § 3, &c. 45. 44.	2 July 1819. 19 Mar. 1823. 4 July 1823. 3 June 1824.	To relieve persons compounding for their Assessed Taxes from an Annual Assessment, [for the term of three years.] ¹ As to taxes on houses. ² As to other taxes. The Act 4 Geo. IV. c. 11. repeals one Moiety of the amount of certain of these Taxes, and the Whole of others.	¹ 5 April ² 5 April	1827 1828
31. AMERICAN AND PORTUGAL TRADE.	59 Geo. 3.	54.	2 July 1819.	To carry into effect a Convention of Commerce, concluded between his Majesty and the United States of America, and a Treaty with the Prince Regent of Portugal. As to Portugal trade, see also <i>ante</i> , N° 20; and see § 12. of 59 Geo. 3. c. 54. as to similar treaties with other Powers.	[Duration of the Convention with America, dated 20th October 1818.]	
32. EXCISE, GLASS.	59 Geo. 3. continued 1 Geo. 4. 1, 2 G. 4. 5 Geo. 4.	104. 16. 13. 40. § 1.	12 July 1819. 17 May 1824.	To continue certain laws of Excise¹ with regard to Crown Glass, [and Flint and Phial Glass; and to alter certain laws with regard to Flint Glass.²] ¹ So much of 49 Geo. 3. c. 63. as was revived and continued by 58 Geo. 3. c. 21: and also 51 Geo. 3. c. 69. as revived and continued by 58 Geo. 3. c. 21. ² So much of 59 Geo. 3. c. 104. as relates to Flint and Phial Glass, is repealed by § 2. of 6 Geo. IV. c. 117. a permanent Act.	10 Oct.	1827
33. THE KING. (Civil List.)	1 Geo. IV. amended 6 Geo. IV.	1. 77. 87.	6 June 1820. 27 June 1825. 5 July 1825.	For the support of His Majesty's Household, and of the honour and dignity of the Crown of the United Kingdom of Great Britain and Ireland. The Act 6 Geo. IV. c. 77. authorises the application of part of the Land Revenue of the Crown to the repair and improvement of Buckingham House. The Act 6 Geo. IV. c. 87. relates to the Salaries of British Consuls in Foreign parts.	Life of The King.	
34. THE KING. (South Sea Company.)	1 Geo. IV.	2.	6 June 1820.	To enable His Majesty to be Governor of the South Sea Company.	Life of The King.	

(C.) ACTS OF THE UNITED PARLIAMENT—continued.					
Matter.	Date.	Ch.	When passed.	Title of the Act.	Duration.
35. PUBLIC WORKS, (Ireland.)	1 Geo. IV. continued 6 Geo. IV.	81. § 14. 101. § 12.	24 July 1820. 5 July 1825.	To amend several Acts [57 Geo. 3. cc. 34, 124; 58 Geo. 3. c. 88] for the Advance of Money for carrying on Public Works, and for other purposes; so far as the said Acts relate to Ireland. Time for making Orders for payments upon Presentments, &c. - - - - -	24 July 1826
36. ROYAL FAMILY.	1 Geo. IV.	108.	24 July 1820.	For enabling His Majesty to settle Annuities upon certain Branches of the Royal Family, in lieu of Annuities which have ceased upon the demise of his late Majesty. ¹ § 1. As to Annuities under this Act to Dukes of York, Clarence, and Cambridge, Princesses Augusta, Sophia, Hesse Homburg, [Elizabeth,] Duchess of Gloucester [Mary,] and Princess Sophia. ² § 2. As to charging Annuities of £. 60,000 under 18 Geo. 3. c. 31, [See ante, N° 4.] on the Consolidated Fund.	¹ Lives of the several Grantees. ¹ Life of The King.
37. INSOLVENTS, (England.)	1 Geo. IV. amended 3 Geo. IV. 5 Geo. IV. 6 Geo. IV.	119. 123. 61. 121.	26 July 1820. 6 Aug. 1822. 17 June 1824. 5 July 1825.	For the relief of Insolvent Debtors in England.	END of this present SESSION, 7 Geo. IV.
38. HEREDITARY REVENUE, (Scotland.)	1, 2 G. IV.	31.	28 May 1821.	For removing Doubts as to the continuance of the Hereditary Revenue in Scotland.	Life of The King.
39. INSOLVENT DEBTORS, (Ireland.)	1, 2 G. IV. amended 3 Geo. IV.	59. 124.	23 June 1821. 6 Aug. 1822.	For the relief of Insolvent Debtors in Ireland.	1 August and END of then NEXT SESSION. 1826
40. BANK of IRELAND.	1, 2 G. IV.	72. *	2 July 1821.	To establish an agreement with the Governor and Company of the Bank of Ireland, for advancing the sum of £. 500,000 (I. C.) and to enable the said Governor and Company to enlarge the Capital Stock or Fund of the said Bank to £. 3,000,000. * § 2. Time of repayment to the Bank by Government; (and see 3 Geo. IV. c. 26. ante, N° 19.)	1 January 1838

(C.) ACTS OF THE UNITED PARLIAMENT—continued.						
Matter.	Date.	Ch.	When passed.	Title of the Act.	Duration.	
41. REVENUE INQUIRY.	1, 2 G. IV. amended 3 Geo. IV. continued 5 Geo. IV.	90. 37. 7.	10 July 1821. 24 June 1822. 16 Mar. 1824.	To appoint Commissioners for inquiring into the collection and management of the Revenue in Ireland, and the several Establishments connected therewith. By the Act 3 Geo. IV. c. 37. the Commissioners are empowered to inquire into the Collection of certain Revenues in England and Scotland. By 5 Geo. IV. c. 20. § 11. the first Commissioner has the privilege of franking Letters, &c.	1 July	1827
42. LAGAN NAVIGATION, (Spirits.)	1, 2 G. IV.	96.	10 July 1821.	For charging a Duty on British Spirits brought into certain parts of the district of Lisburne, in Ireland. * 27 Geo. 2 (1.) c. 3: 54 Geo. 3, c. 231 (local.)	25 Dec. During continuance of the Lagan Navigation Acts.*	1835
43. STAMPS, (Ireland.)	1, 2 G. IV.	112.	10 July 1821.	To grant, for the term of five years, additional Stamp Duties on certain proceedings in the Courts of Law, and to repeal certain other Stamp Duties in Ireland. See § 28. as to the Expiration of certain of those Stamp Duties on the death of the Prothonotaries of the Courts of King's Bench and Common Pleas.	10 July	1826
44. ROYAL FAMILY.	1, 2 G. IV.	119.	11 July 1821.	For enabling His Majesty to make further provision for his Royal Highness the Duke of Clarence.	The King's pleasure.	
45. ARMS, &c. (Ireland.)	3 Geo. IV.	4.	11 Mar. 1822.	To regulate the Importation of Arms, Gunpowder and Ammunition, into Ireland, and the making, removing, selling and keeping of Arms, Gunpowder and Ammunition in Ireland [for seven years, &c.]	11 March and END of then NEXT SESSION.	1829
46. ANNUITIES.	3 Geo. IV.	9. 17.	15 Mar. 1822. 3 April 1822.	For transferring several Annuities of £. 5 per cent per ann. into Annuities of £. 4 per cent per ann. § 1. These 4 per cents are not redeemable until For converting Annuities and Debentures of £. 5 per cent per ann. payable at the Bank of Ireland, into new Annuities of £. 4 per cent per ann. § 1. These new Annuities are not redeemable until - - - - -	5 January 5 April	1829 1829
47. ANNUITIES for Pensions and Superannuations.	3 Geo. IV. amended 4 Geo. IV.	51. 22.	1 July 1822 2 May 1823.	For apportioning the burden occasioned by the Military and Naval Pensions, and Civil Superannuations, by vesting an equal Annuity in Trustees for the payment thereof - - - - - By 4 Geo. IV. c. 22. for confirming an Agreement with the Bank of England, certain half yearly Payments are to be made by the Bank into the Exchequer, and the Payments by the Trustees into the Exchequer are varied accordingly, until - - - - -	5 April 15 July	1865 1828

(C.) ACTS OF THE UNITED PARLIAMENT—continued.					
Matter.	Date.	Ch.	When passed.	Title of the Act.	Duration.
48. DISTILLERIES (Scotland and Ireland.)	3 Geo. IV. repealed in part 4 Geo. IV. continued in part 5 Geo. IV.	52. 94. 56.	5 July 1822. 18 July 1823. 9 June 1824.	To grant certain Duties in Scotland upon Wash and Spirits made from Corn or Grain; and upon Licences for making and keeping of Stills, and to regulate the distillation of such Spirits for Home Consumption, and for better preventing private distillation in Scotland [until 10 Nov. 1824.] By 4 Geo. IV. c. 94. (extending to Scotland and Ireland) the Act 3 Geo. IV. was repealed, except as to the Regulations for preventing Illicit Distillation, &c. These Regulations are, by 5 Geo. IV. c. 56, continued until - - - - -	10 November 1826
49. POLICE OFFICES.	3 Geo. IV. amended 6 Geo. IV.	55. 21.	5 July 1822. 20 May 1825.	For the more effectual administration of the office of a Justice of the Peace in and near the Metropolis, and for the more effectual prevention of Depredations on the River Thames and its vicinity, for seven years.	5 July 1829
50. ALEHOUSES.	3 Geo. IV.	77.	26 July 1822.	For amending the Laws for regulating the manner of licensing Alehouses in that part of the United Kingdom called England, and for the more effectually preventing disorders therein.	END of this present Session 7 Geo. IV.
51. DUCHY of CORNWALL.	3 Geo. IV. amended 5 Geo. IV.	78. 78.	26 July 1822. 17 June 1824.	To enable His Majesty to make Leases, Copies and Grants of Offices, Lands and Hereditaments, parcel of the Duchy of Cornwall, or annexed to the same.	While the Duchy remains vested in the King.
52. LONDON BRIDGE.	4 Geo. IV.	50.	4 July 1823.	For the rebuilding of London Bridge, and for improving and making suitable approaches thereto. § 23. Powers of the Corporation of London, for purchasing wharfs, houses, &c. - - - § 106. Powers of the Act; if Bridge not completed for passage of horses and carriages - -	4 July 1833
53. HIGHLAND ROADS and BRIDGES, (Scotland.)	4 Geo. IV. amended 5 Geo. IV.	56. 38.	8 July 1823. 17 May 1824.	For maintaining in repair the Military and Parliamentary Roads and Bridges in the Highlands of Scotland; and also certain Ferry Piers and Shipping Quays erected by the Commissioners for Highland Roads and Bridges. The Act 5 Geo. IV. also amends 59 Geo. 3. c. 135. a permanent Act, for the Repair of other Roads, &c. in Scotland.	8 July 1844 And END of then NEXT SESSION.

(C.) ACTS OF THE UNITED PARLIAMENT— <i>continued.</i>						
<i>Matter.</i>	<i>Date.</i>	<i>Ch.</i>	<i>When passed.</i>	<i>Title of the Act.</i>	<i>Duration.</i>	
54. HOLYHEAD and DUBLIN ROAD, HARBOURS, &c.	4 Geo. IV. continued 6 Geo. IV.	74. § 60. 100. § 51.	11 July 1823. 5 July 1825.	For vesting in Commissioners the Bridges now building over the Menai Straits and the River Conway, and the harbours of Howth and Holyhead, and the road from Dublin to Howth; and for the further improvement of the road from London to Holyhead. Time for completing Menai Bridge. (See 59 Geo. 3. c. 48. § 56.)	5 July	1826
55. NEW SOUTH WALES, and VAN DIEMEN'S LAND.	4 Geo. IV.	96.	19 July 1823.	To provide [until, &c.] for the better administration of Justice in New South Wales and Van Diemen's Land, and for the more effectual government thereof; and for other purposes relating thereto.	1 July and END of then NEXT SESSION.	1827
56. ANNUITIES.	5 Geo. IV.	11.	23 Mar. 1824.	For transferring several Annuities of £. 4 per centum per annum, into Annuities of £. 3. 10s. per centum per annum. § 2. These 3½ per cent per annum Annuities are not redeemable until - - - - -	10 October	1829
		24.	12 Apr. 1824.	For transferring several Annuities of £. 4 per centum per annum, transferable at the Bank of Ireland, into reduced Annuities of £. 3. 10s. per centum per annum. § 2. These reduced Annuities are not redeemable until - - - - -	5 January	1830
57. NEW- FOUNDLAND FISHERIES.	5 Geo. IV.	51.	3 June 1824.	To repeal several Laws relating to the Fisheries carried on upon the Banks and Shores of Newfoundland, and to make provision for the better conduct of the said Fisheries; for five years, &c.	3 June and END of then NEXT SESSION.	1829
58. BRITISH and IRISH FISHERIES.	5 Geo. IV.	64.	17 June 1824.	To amend the several Acts for the Encouragement and Improvement of the British and Irish Fisheries. The new Bounties under this Act (commencing from 5th July 1825, and decreasing annually) expire on - - - - -	5 July	1829
59. NEW- FOUNDLAND. (Judicature.)	5 Geo. IV.	67.	17 June 1824.	For the better administration of Justice in Newfoundland; and for other purposes.	17 June	1829

(C.) ACTS OF THE UNITED PARLIAMENT— <i>continued.</i>					
<i>Matter.</i>	<i>Date.</i>	<i>Ch.</i>	<i>When passed.</i>	<i>Title of the Act.</i>	<i>Duration.</i>
60. NEW- FOUNDLAND. (Marriages.)	5 Geo. IV.	68.	17 June 1824.	To repeal an Act [57 Geo. III. c. 51.] to regulate the Celebration of Marriages in Newfoundland; and to make further Provisions for the Celebration of Marriages in the said Colony and its Dependencies - - - -	17 June 1829
61. AUSTRALIAN Agricultural Company.	5 Geo. IV.	86.	21 June 1824.	For granting certain powers and authorities to a Company, to be incorporated by Charter, to be called "The Australian Agricultural Company," for the cultivation and improvement of Waste Lands in the Colony of New South Wales; and for other purposes relating thereto. The provisions of the Act depend on the granting of a Charter by the King, within three years; i. e. before - - - -	21 June 1827
62. INDEMNITY OFFICES.	6 Geo. IV.	3.	9 Mar. 1825.	To indemnify such persons in the United Kingdom as have omitted to qualify themselves for Offices and Employments, and for extending the time limited for those purposes respectively.	25 March 1826
63. UNLAWFUL SOCIETIES. (Ireland.)	6 Geo. IV.	4.	9 March 1825.	To amend certain Acts relating to Unlawful Societies in Ireland.	9 March and END of then NEXT SESSION. 1827
64. MUTINY ACT, (Army.)	6 Geo. IV.	5.	23 March 1825.	For punishing Mutiny and Desertion, and for the better payment of the Army and their Quarters. Continuance: In Great Britain - - - - - - - Ireland, Jersey, &c. - - - - - - - Gibraltar, Spain and Portugal - - - - - - Elsewhere in Europe, and West Indies and America - - - - - - - Cape of Good Hope, Isle of France, St. Helena, and West Coast of Africa - - - - - - - Elsewhere - - - -	25 March 1 April 25 June 25 July 25 October 25 November 1826 1827

(C.) ACTS OF THE UNITED PARLIAMENT— <i>continued.</i>						
<i>Matter.</i>	<i>Date.</i>	<i>Ch.</i>	<i>When passed.</i>	<i>Title of the Act.</i>	<i>Duration.</i>	
65. MUTINY ACT, (Marines.)	6 Geo. IV.	6.	23 March 1825.	For the regulating of His Majesty's Royal Marine Forces while on shore. Continuance: In Great Britain - - - - - - - - - - Ireland - - - - - - - - - - Gibraltar, Spain and Portugal - - - - - - Elsewhere in Europe, and in the West Indies, North America, and Cape of Good Hope - - - - - - Elsewhere - - - - -	25 March 1 April 25 May 25 July 25 Sept.	1826
66. ANNUAL DUTIES.	6 Geo. IV.	9.	24 March 1825.	For continuing to His Majesty for one year certain Duties on Personal Estates, Offices and Pensions in England; and also for granting certain Duties on Sugar imported; for the service of the year 1825. § 1-22. Duties on Personal Estates, &c. granted by 38 Geo. 3. c. 5 - - - - - § 23. Duties on Sugar - - - - -	25 March	1826
67. INNKEEPERS, SOLDIERS.	6 Geo. IV.	20.	2 May 1825.	For fixing [until, &c.] the Rates of Subsistence to be paid to Innkeepers and others on quartering Soldiers - - -	25 March	1826
68, MILITIA G. B. & I.	6 Geo. IV.	31.	10 June 1825.	To defray the Charge of the Pay, Clothing, and contingent and other Expences of the Disembodied Militia in Great Britain and Ireland; and to grant allowances in certain cases to Subaltern Officers, Adjutants, Quarter Masters, Surgeons, Assistant Surgeons, Surgeons' Mates, and Serjeant Majors of Militia, - - - until	25 March	1826
69. VAN- DIEMENS LAND Company.	6 Geo. IV.	39.	10 June 1825.	For granting certain powers and authorities to a Company to be incorporated by Charter, to be called "The Van Diemens Land Company," for the Cultivation and Improvement of Waste Lands in His Majesty's Island of Van Diemens Land, and for other purposes relating thereto. The provisions of the Act depend on the granting of a Charter by the King within three years; i. e. before - - - - -	10 June	1828

(C.) ACTS OF THE UNITED PARLIAMENT—continued.					
<i>Matter.</i>	<i>Date.</i>	<i>Ch.</i>	<i>When passed.</i>	<i>Title of the Act.</i>	<i>Duration.</i>
70. WHEAT Importation.	6 Geo. IV.	64.	22 June 1825.	To alter (for one year, &c.) the Duty on Wheat, the produce of the British Possessions in North America.	22 June and END of then NEXT SESSION. 1826
71. ROYAL FAMILY.	6 Geo. IV.	71.	22 June 1825.	To enable His Majesty to grant an annual Sum to his Royal Highness Ernest Augustus Duke of Cumberland, for the purpose of enabling his said Royal Highness to provide for the Support and Education of his Highness Prince George Frederick Alexander Charles Ernest Augustus of Cumberland.	Until the Prince shall attain 18 years of age, i. e. 27 May 1837
72. ROYAL FAMILY.	6 Geo. IV.	72.	22 June 1825.	To enable His Majesty to grant an annual Sum to her Royal Highness Mary Louisa Victoria Duchess of Kent, for the purpose of enabling her said Royal Highness to provide for the Support and Education of her Royal Highness the Princess Alexandrina Victoria of Kent.	Continuance of Grant.
73. CANADA COMPANY.	6 Geo. IV.	75.	27 June 1825.	To enable His Majesty to grant to a Company, to be incorporated by Charter, to be called "The Canada Company," certain Lands in the province of Upper Canada, and to invest the said Company with certain powers and privileges; and for other purposes relating thereto. The provisions of this Act depend on the granting of a Charter by the King within three years, i. e. before - - -	27 June 1828
74. TABLES of PARISHES, &c. in Ireland.	6 Geo. IV.	99.	5 July 1825.	To repeal an Act of the last Session of Parliament, relative to the forming Tables of the Manors, Parishes, and Town-Lands in <i>Ireland</i> , and to make provision for ascertaining the Boundaries of the same. § 2, 4, as to forming the Tables.	End of Spring Assizes 1826
75. FOUNDINGS. (Ireland.)	6 Geo. IV.	102.	5 July 1825.	To amend the Laws respecting deserted Children in <i>Ireland</i> .	5 July 1827

(C.) ACTS OF THE UNITED PARLIAMENT— <i>continued.</i>						
<i>Matter.</i>	<i>Date.</i>	<i>Ch.</i>	<i>When passed.</i>	<i>Title of the Act</i>	<i>Duration.</i>	
76. CUSTOMS (REPEAL.)	6 Geo. IV.	105.	5 July 1825.	To repeal the several Laws relating to the Customs. The Repeal is to take place from the 5th day of July 1826; until which time the several Acts remain in force, and therefore expire on - - - - - The following <i>Temporary Acts</i> (repealed by 6 Geo. IV. c. 105.) would otherwise have expired at the several Dates specified.	5 July	1826
LINENS.	{ 29 Geo. 2. 23 Geo. 3. 24 Geo. 3. (St. 1.)	{ 15. 21. 14. }	- -	Repealed by 6 Geo. IV. c. 105. - \$ 103	5 January	1834
CALICOES, &c.	{ 3 G. 3. (I.) 46 Geo. 3.	{ 12. 29. }	- -	- - - - - \$ 409	25 March	1827
COALS, (London.)	{ 45 Geo. 3. 50 Geo. 3.	{ 128. 110. }	- -	- - - - - \$ 239	1 August	1825
(Coastwise in Wales.)	59 Geo. 3.	52. § 13.	- -	- - - - - \$ 336	5 July	1826
CAPE OF GOOD HOPE.	{ 49 Geo. 3. 57 Geo. 3.	{ 17. 1. }	- -	- - - - - \$ 266	5 July	1825
WOOD, &c. of N. S. Wales.	4 Geo. IV.	69. § 17.	- -	- - - - - \$ 374	1 January	1833
NETHERLANDS. (Colonial Trade.)	1 Geo. IV.	34.	- -	- - - - - \$ 346	1 January	1826
FOREIGN SILK Manufactures, &c.	5 Geo. IV.	21. § 13.	- -	- - - - - \$ 376	5 July	1826
77. CUSTOMS DUTIES.	6 Geo. IV.	111.	5 July 1825.	For granting Duties of Customs. § 3. Drawback on Ashes and Brimstone (used before 5 July 1826,) payable until - - - § 10. Flax, Wood for Ship-building, Bark (or other solid Vegetable Extract for tanning) the produce of New South Wales, &c. and imported direct; Duty free until - - - SCHEDULE Inwards: Flax, Duties—gradual decrease of Duties until - - - - - Glass—(Plate Glass) certain Duties, until - and lower Duties afterwards. Lace—(Silk) certain Duties until - - - and lower Duties afterwards. Linen—Gradual decrease of Duties until - Seed—Cole Seed, £. 5. per Last until - and 10s. per Last afterwards. Flax Seed 5d. per bushel until - and 1s. per quarter afterwards. Linseed as Flax Seed. Rape Seed, and all Seeds for Oil, the same Duties as Cole Seed. Silk Manufactures, &c. Importation Duty commences on the ceasing of the Prohibition on Importation; viz. - - - - - Smalts, gradual decrease of Duties until - Spelter, gradual decrease of Duties until - Wine, of the Cape of Good Hope, the gallon, 2s. 5d. until - - - - - afterwards 3s.	5 January 1 January 5 July 5 January 5 July 5 January 5 July 5 April 5 July 5 January 5 July 5 January	1827 1833 1828 1827 1826 1834 1826 1826 1826 1828 1827 1830

(C.) ACTS OF THE UNITED PARLIAMENT—continued.						
Matter.	Date.	Ch.	When passed.	Title of the Act.	Duration.	
78. CUSTOMS, (BOUNTIES.)	6 Geo. IV.	113.	5 July 1825.	To grant certain Bounties and Allowances of Customs. § 2. Linen decreasing (by 1/10th of the whole of the original Bounty,) on 5th January in each year - - - - until Sugar - - - - -	5 January 5 July	1834 1826
79. TRADE of British Possessions Abroad.	6 Geo. IV.	114.	5 July 1825.	To regulate the Trade of the British Possessions abroad. § 6. Foreign Shipping - - - - -	24 June	1832
80. JURY COURT, (Scotland.)	6 Geo. IV.	120.	5 July 1825.	For the better regulating the Forms of Process in the Courts of Law in Scotland. § 55. Continuance of Act as relates to the Constitution of the Jury Court - -	30 June And END of then next SESSION.	1830
81. LINEN Manufactures, (Ireland.)	6 Geo. IV.	122.	5 July 1825.	For the better regulation of the Linen and Hemp Manufactures of Ireland. § 42. Limitation of the duration of Acts 42 Geo. 3. c. 75, 44 Geo. 3. c. 42, 50 Geo. 3. c. 82, as to importation and sale of Flax Seed - - - - -	1 July	1826
82. COPARTNER- SHIP Societies, (Scotland.)	6 Geo. IV.	131.	6 July 1825.	To regulate the mode in which certain Societies or Copartnerships in Scotland may sue and be sued. [The Term of continuance is stated, § 3, to be, "12 months," [not "one year," or "12 calendar months"] from the passing.]	7 June or 6 July	1826

(C.) ACTS OF THE UNITED PARLIAMENT— <i>continued.</i>					
<i>Matter.</i>	<i>Date.</i>	<i>Ch.</i>	<i>When passed.</i>	<i>Title of the Act.</i>	<i>Duration.</i>
83. SALCEY FOREST.	6 Geo. IV.	132.	6 July 1825.	For dividing, allotting, and inclosing the Forest of Salcey, in the Counties of Northampton and Buckingham, and of certain Lands in the Parish of Hartwell, in the said County of Northampton. § 19. Reservation of the King's right of Timber, &c. - - - - -	6 July 1827
84. APOTHE- CARIES.	6 Geo. IV.	133.	6 July 1825.	To amend and explain an Act [55 Geo. 3. c. 194.] for better regulating the Practice of Apothecaries throughout England and Wales.	1 August 1826
85. BRITISH SHIPS. Repairs. Crews.	6 Geo. IV.	110.	5 July 1825.	For the Registering of British Vessels. § 7. Repair of British Ships in foreign ports § 8. Proceeding on voyage with a less number of British Seamen than required by Navigation Law - - - - -	Two Years; i. e. 5 July 1827.

II.

EXPIRED LAWS;

VIZ:

BETWEEN 3 FEBRUARY 1825, AND 2 FEBRUARY 1826.

<i>Extending to</i>	<i>Subject.</i>	<i>Original Acts.</i>	<i>Last Continuing Acts.</i>	<i>Time of Expiration.</i>	
1. U. K.	SOUTHERN WHALE FISHERIES.	35 Geo. III. c. 92.	59 Geo. III. c. 113.	31 December (as to return of Ships.)	1825
2. G. B.	EXCISE DUTIES.	43 Geo. III. c. 81. &c. 47 Geo. III. c. 27.	5 Geo. IV. c. 15 § 1-4. 6 Geo. IV. c. 37. § 7.	5 July 5 January	1825 1826
3. G. B.	SALMON, PILCHARDS, &c. (BOUNTIES.)	43 G. III. c. 69. Sch. C. 48 Geo. III. c. 68.	5 Geo. IV. c. 64. § 6.	5 July	1825
4. G. B.	COFFEE (PERMITS.)	52 Geo. III. c. 149.			
5. G. B. & I.	SPIRITS (INTERCOURSE.)	54 Geo. III. c. 149.	1 Geo. IV. c. 77. See 6 Geo. IV. c. 80. § 1.	5 July	1825
6. U. K.	SEDITIONOUS MEETINGS.	60 Geo. III. c. 6.	- - - -	6 July [End of Session 6 Geo. IV.]	1825
7. I.	INSURRECTIONS.	3 Geo. IV. c. 1.	5 Geo. IV. c. 105.	1 August	1825
8. E.	PENITENTIARY.	4 Geo. IV. c. 82.	- - - -	6 July [End of Session 6 Geo. IV.]	1825

EXPIRED LAWS;—Viz: Between 3 FEBRUARY 1825 and 2 FEBRUARY 1826—continued.

<i>Extending to</i>	<i>Subject.</i>	<i>Original Acts.</i>	<i>Last Continuing Acts.</i>	<i>Time of Expiration.</i>	
9. G. B. & I.	ANNUITIES (£.4 per cent.)	5 Geo. IV. c. 11. § 4.	(As to Dissents of Parties out of Europe.)	1 March	1825
		- - - c. 24. § 4.		25 March	1825
10. I.	SALT (Drawback.)	5 Geo. IV. c. 65 § 4.	- - - -	10 October	1825
11. U. K.	WAREHOUSED CORN.	6 Geo. IV. c. 65.	- - - -	15 August	1825
12. E.	EXCHEQUER, Court of.	3 Geo. IV. c. 87.	- - - -	Completion of the New Court.	
13. E.	ATTORNIES Indemnity.	6 Geo. IV. c. 45.	- - - -	5 July	1825

III.

EXPIRING LAWS;

VIZ:

AT THE END OF THE PRESENT SESSION:

Or after 2d February 1826, and on or before 1st August 1827, &c.

N. B.—“ &c.” after any Date in the following Lists, signifies “ to the End of, or some Period in, the Session next ensuing the Date specified.”

ACTS EXPIRING AT THE END OF THE PRESENT SESSION, 7 Geo. IV.

Extending to	Subject.	Original Acts.	Last Continuing Acts.	N ^o in Register.
E.	INSOLVENTS.	1 Geo. IV. c. 119. 3 Geo. IV. c. 123. 5 Geo. IV. c. 61. 6 Geo. IV. c. 121.	} - - - -	37.
E.	ALEHOUSES.	3 Geo. IV. c. 77.	- - - -	50.

ACTS EXPIRING after 2d FEBRUARY 1826, and on or before 1st AUGUST 1827.

<i>Period of Duration.</i>	<i>Extend- ing to</i>	<i>Subject.</i>	<i>Original Acts.</i>	<i>Last Continuing Acts.</i>	<i>N^o in Register.</i>
<u>1826:</u>					
25 March	G. B.	Annual Duties ; On Personal } Estates, &c. }	6 Geo. IV. c. 9. § 1-22.	- - - - -	66.
		On Sugar - - -	- - - - - § 23.	- - - - -	
	U. K.	Mutiny Acts ; Army - - - -	6 Geo. IV. c. 5. -	- - - - -	64.
		Marines - - -	- - - c. 6. -	- - - - -	65.
	U. K.	Innkeepers (Soldiers)	6 Geo. IV. c. 20. -	- - - - -	67.
	G. B. & I.	Militia ; Pay, &c. - - - Allowances - -	6 Geo. IV. c. 31. - 39, 40 Geo. III. c. 44.	6 Geo. IV. c. 31. § 23.	68. 10.
	U. K.	Indemnity (Offices) -	6 Geo. IV. c. 3. -	- - - - -	62.
5 April - -	U. K.	Customs (Duties) ; Flax Seed, &c. -	5 Geo. IV. c. 111. Sch.	- - - - -	77.
End of Spring Assizes }	I.	Tables, Of Parishes, &c.	6 Geo. IV. c. 99. § 2-4.	- - - - -	74.
22 June, &c. -	U. K.	Wheat (Importation)	6 Geo. IV. c. 64. -	- - - - -	70.
24 June - -	G. B.	Pilchard Fishery - -	52 Geo. III. c. 42. -	59 Geo. III. c. 77. -	21.
1 July - -	I.	Linen Manufacturers	42 Geo. III. c. 75. 44 Geo. III. c. 42. 50 Geo. III. c. 82. }	6 Geo. IV. c. 122. § 42.	81.
	U. K.	Sugar Bounties - -	6 Geo. IV. c. 113. § 2.	- - - - -	78.
	G. B.	Flax and Cotton - -	23 Geo. III. c. 77. -	3 Geo. IV. c. 25. § 4.	5.
	U. K.	Customs (Repeal) ; Linen - - - - Calicoes - - - Cape of Good Hope Coals (London) { Coals (Wales) - New South Wales Netherlands Colo- nial Trade - - Foreign Silk Manufactures - }	29 Geo. II. c. 15, &c. 3 Geo. III. (I.) c. 12. 57 Geo. III. c. 1. - - 45 Geo. III. c. 128. 50 Geo. III. c. 110. 59 Geo. III. c. 52. § 13. 4 Geo. IV. c. 69. § 17. 1 Geo. IV. c. 34. - 5 Geo. IV. c. 21. § 13.	6 Geo. IV. c. 105. § 103. - - - - - 400. - - - - - 266. - - - - - 239. - - - - - 280. - - - - - 336. - - - - - 374. - - - - - 346. - - - - - 376.	76.
5 July - -		(Duties) ; Lace - - - - Cole Seed, &c. -	5 Geo. IV. c. 111. Sch. 5 Geo. IV. c. 111. Sch.	- - - - -	77. 77.
	G. B. & I.	Holyhead Road, - (Menai Bridge) }	4 Geo. IV. c. 74. § 60.	6 Geo. IV. c. 100. § 51.	54.
6 July - - [query? 7 June]	S.	Copartnerships - -	6 Geo. IV. c. 131. § 3.	- - - - -	82.
10 July - -	I.	Stamp Duties - -	1, 2 Geo. IV. c. 112.	- - - - -	43.

ACTS EXPIRING after 2d FEBRUARY 1826, and on or before 1st AUGUST 1827.

<i>Period of Duration.</i>	<i>Extending to</i>	<i>Subject.</i>	<i>Original Acts.</i>	<i>Last Continuing Acts.</i>	<i>N° in Register.</i>
<u>1826 :</u>					
24 July - -	I.	Public Works - -	1 Geo. IV. c. 81. § 14.	6 Geo. IV. c. 101. § 12.	35.
25 July, &c. -	S.	Creditors - - -	54 Geo. III. c. 137. -	6 Geo. IV. c. 11. -	22.
1 August -	E. & W.	Apothecaries - - -	6 Geo. IV. c. 133. -	- - - - -	84.
1 August, &c.	I.	Insolvents - - -	1, 2 Geo. IV. c. 59. } 3 Geo. IV. c. 124. - }	- - - - -	39.
10 November -	S. & I.	Distilleries, (Illicit) Distillation, &c.) - }	3 Geo. IV. c. 52. &c.	5 Geo. IV. c. 56. -	48.
23 November -	U. K.	Aliens - - - - -	56 Geo. III. c. 86. -	5 Geo. IV. c. 37. -	24.
<u>1827 :</u>					
5 January -	U. K.	{ Customs (Glass) - Ashes and Brim- stone, (Draw- backs) - - - }	6 Geo. IV. c. 111. Sch. 6 Geo. IV. c. 111. § 3.	- - - - -	77. 77.
9 March, &c.	I.	Unlawful Societies -	6 Geo. IV. c. 4. - -	- - - - -	63.
5 April - -	G. B.	Assessed Taxes - - (Composition for House Tax.)	59 Geo. III. c. 51. - 3 Geo. IV. c. 50. - - 4 Geo. IV. cc. 11, 45. 5 Geo. IV. c. 44. -	} 1, 2 Geo. IV. c. 113.	30.
21 June - -	U. K.	Australian Agricul- tural Company - }	5 Geo. IV. c. 86. § 1. (As to time of granting Charter.)		
1 July - -	U. K.	Revenue Inquiry -	1, 2 Geo. IV. c. 90. } 3 Geo. IV. c. 37. }	5 Geo. IV. c. 7. -	41.
1 July, &c. -	U. K.	New South Wales, &c.	4 Geo. IV. c. 96.	- - - - -	55.
5 July - -	I.	Foundlings - - -	6 Geo. IV. c. 102.	- - - - -	75.
5 July - -	U. K.	Customs (Spelter) -	6 Geo. IV. c. 111. Sch.	- - - - -	77.
6 July - -	E.	Salcey Forest - -	6 Geo. IV. c. 132. § 19.	- - - - -	83.

IV.

LIST OF LAWS,

WHEREOF THE DURATION DEPENDS ON PUBLIC CONTINGENCIES.

<i>Extending to</i>	<i>Matter.</i>	<i>Original Acts.</i>	<i>Last continuing Acts.</i>	<i>Duration.</i>	<i>N° in Register.</i>
U. K.	THE KING; CIVIL LIST.	1 Geo. IV. c. 1. } 1,2 Geo. IV. c. 31. }	- - - - - {	Life of The King. {	33. 38.
U. K.	THE KING; SO. SEA COMP.	1 Geo. IV. c. 2.	- - - - - {	Life of The King.	34.
G. B.	ROYAL FAMILY.	18 Geo. III. c. 31. - 46 Geo. III. c. 145. 47 Geo. III. st. 1. c. 39. 52 Geo. III. c. 57. - 56 Geo. III. c. 24. - 58 Geo. III. cc. 24. 25. 53. - - - 6 Geo. IV. c. 72. - 1 Geo. IV. c. 108. § 1. - - - - - § 2. 1,2 Geo. IV. c. 119. - 6 Geo. IV. c. 71. -	- - - - - - - - - - { -	Lives of Grantees ; Continuance of the Grant. Lives of Grantees } Life of the King - } The King's Pleasure 27 May 1837 - -	4. 17. 23. 26. 27. 28. 72. 36. 44. 71.
E.	CORNWALL Duchy.	3 Geo. IV. c. 78.	- - - - - {	While the Duchy is vested in The King.	51.
E.	BANK of England.	5 W. & M. c. 20. § 20. } 33 Geo. III. c. 30. - } 6 Anne, c. 22. § 9. - 7 Anne, c. 7. § 61. - 15 Geo. II. c. 13. § 5. - 4 Geo. III. c. 25. - 21 Geo. III. c. 60. § 12. 39, 40 Geo. III. c. 28 - 56 Geo. III. c. 96. -	3 Geo. IV. c. 51. § 18. { - - - - - - - - - - - - - - -	Until Redemption of Bank Annuities. Expiration of 12 Months' Notice after 1 August 1833. Until Repayment on or after 1 August 1833.	1,7. 3. 25.

IV. ACTS whereof the Duration depends on PUBLIC CONTINGENCIES—*continued.*

<i>Extending to</i>	<i>Matter.</i>	<i>Original Acts.</i>	<i>Last continuing Acts.</i>	<i>Duration.</i>	<i>N^o in Register.</i>
I.	BANK of Ireland.	{ 21, 22 Geo. III. (1.) c. 16. 48 Geo. III. c. 103. - 3 Geo. IV. c. 26. - 48 Geo. III. c. 103. - 1, 2 Geo. IV. c. 72. - 3 Geo. IV. c. 26. - }	- - - - -	{ Expiration of 12 Months Notice after 1 January 1837. 1 January 1838, Time of Repayment. }	12. 12. 40.
E.	EAST INDIA COMPANY.	{ 9, 10 W. III. c. 44, &c. 37 Geo. III. c. 117. - 53 Geo. III. c. 155. § 3. }	- - - - -	{ Expiration of 3 Years Notice after 10 April 1831. }	2. 9.
I.	NAVIGATION ACT.	42 Geo. III. c. 61. § 10.	- - - - -	Continuance of <i>any</i> War.	14.
U. K.	MALTA, Registry of Prize-Ships.	49 Geo. III. c. 34.	- - - - -	{ While Malta is under the British Government, and 12 Months after. }	19.
U. K.	PORTUGUESE DOMINIONS; Trade with.	51 Geo. III. c. 47. 59 Geo. III. c. 54. § 8.	- - - - -	{ Continuance of Treaty with Portugal. }	20. 31.
U. K.	AMERICAN Trade, &c.	59 Geo. III. c. 54.	- - - - -	{ Continuance of Treaties. }	31.

I N D E X

OF THE SUBJECT-MATTER OF THE ACTS CONTAINED IN THIS REPORT.

N.B.—The FIGURES refer to the Number in the Register of TEMPORARY LAWS;
Except when *Exp.* is prefixed, which refers to the List of EXPIRED LAWS.

The * signifies that the Article relates *exclusively* to Ireland.

A.	N ^o in Register.		N ^o in Register.
ALEHOUSES - - - -	50.	Canada Company - - - -	73.
Alexandrina (Princess); <i>See Royal Family.</i>		Cape of Good Hope - - - -	76.
Aliens - - - - -	24.	Wine from - - - -	77.
American Trade, &c. - - - -	31.	Charities - - - - -	29.
Annual Duties - - - - -	66. <i>Exp.</i> 2.	Civil List - - - - -	33.
Annuities, public - - - - -	6, 15, 46, 47, 56. <i>Exp.</i> 9.	Clarence, (Duke);— <i>See Royal Family.</i>	
Apothecaries - - - - -	84.	Coals to London - - - - -	76.
* Arms - - - - -	18.	— Coastwise in Wales - - - -	76.
Ashes (Drawback) - - - - -	77.	* Coal Trade, (Dublin) - - - -	13.
Assessed Taxes:		Coffee (Permits) - - - - -	<i>Exp.</i> 4.
— Composition - - - - -	30.	Commissioners as to Charities - -	29.
Attornies, Indemnity - - - -	<i>Exp.</i> 13.	— of Inquiry (Revenue) - - - -	41.
Augusta Sophia (Princess); <i>See Royal Family.</i>		Copartnerships (Scotland) - - -	82.
Australian Company - - - - -	61.	Corn - - - - -	70. <i>Exp.</i> 11.
B.		Cornwall Duchy - - - - -	51.
Bank of England, Charter - -	1, 3.	Cotton Manufactures, (Encouraging)	5.
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R E P O R T

From the Committee of Privileges.

THE COMMITTEE OF PRIVILEGES, to whom the Matter of Complaint made by a Member of The House, of his being summoned as a Juryman in the Court of Exchequer, in the Case of *The King* against *Steel*, was referred ;—

HAVE examined the Matter of the said Complaint; and have come to the following RESOLUTIONS :

1. *Resolved,*

THAT it appears to Your Committee to be among the most ancient and undoubted Privileges of Parliament, that no Member shall be withdrawn from his attendance on his duty in Parliament, to attend on any other Court.

2. *Resolved,*

THAT this Privilege with respect to service upon Juries, has been repeatedly asserted, as will be seen from the Three following Cases :

“ On the 22d November 1597, Sir *Edward Hobby* moved the House, for privilege for Sir *John Tracie*, being a Member of this House, and now presently at the Common Pleas, to be put on a jury. Whereupon the Serjeant of this House was presently sent with the Mace to call the said Sir *John Tracie* to his attendance in this House, which was thereupon so done accordingly, and the said Sir *John* then returned to this House.”

“ On the 6th of May 1607, it was informed that Sir *Tho. Biggs* and Sir *Thomas Lowe*, two Members of the House, were by the Sheriff returned in the Court of King's Bench, Jurors upon an Attaint between *John Macham*, Tenant to the Lord *Barkley*, and *Edward Beard*, Tenant to the Lord Viscount *Lisle*, and was conceived that in this Case, by the Privilege of the House, they ought to be spared from their attendance :—Which was ordered accordingly, and Mr. Serjeant commanded to go with his Mace and deliver the pleasure of the House to the Secondary of the King's Bench, the Court then sitting.”

“ On the 15th of May 1628, Sir *William Alford* returned of a Jury this day in the Common Place, to have Privilege of Parliament not to serve; and a Letter to be written by Mr. Speaker to the Judges, that he not amerced for his not appearance.”

3. *Resolved,*

THAT this Privilege, among others, appears to be expressly reserved by the words of the last Clause of the Act 6 *Geo.* 4, c. 50, for consolidating and amending the Laws relative to Jurors and Juries.

21 *February* 1826.

R E P O R T

From the Committee of Privileges,

On the Case of a Member of The House being
summoned as a Jurymen in the Court of
Exchequer.

*Ordered, by The House of Commons, to be Printed,
21 February 1826.*

R E P O R T

FROM

SELECT COMMITTEE

ON

Committee Rooms and Printed Papers.

*Ordered, by The House of Commons, to be Printed,
26 May 1826.*

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R E P O R T

From Select Committee on Committee Rooms and Printed Papers.

THE SELECT COMMITTEE appointed to consider the best means of providing Accommodation for the Committees of this House, as well as some proper place for the safe custody of the Books and Papers, affording convenient Access to the Members, and to whom the several Reports of the 28th and 30th of *June* and the 1st of *July*, in the last Session of Parliament from the Select Committee on Committee Rooms and Printed Papers were referred ; and who were empowered to Report the Minutes of Evidence taken before them to the House,—

BEGAN their inquiries by calling for the Plans which were laid before the former Committee, and by examining into the causes which prevented the Address to His Majesty, presented in conformity to the Report from that Committee on 1st *July* 1825, from being complied with.

These Causes are explained in the evidence of Colonel *Stephenson* and Mr. *Soane* ; and in the evidence of Mr. *Ley*, will be found the particulars of the tenure under which he holds the house in *Cotton Garden*, and the great convenience, which he considers indeed as *indispensable*, of the Chief Clerk having a residence contiguous to, and communicating with, The House of Commons ; together with his objections to relinquishing his present habitation, until another equally suitable for his Official Duties shall have been provided for him.

Several other parts of the examinations, which are also subjoined, contain information and details with regard to all the Offices connected with the Daily Business of the House, which may be usefully referred to whenever the improvement and enlargement of the existing very
403. inconvenient

inconvenient and insufficient Offices may come again under consideration ; and after the difficulties relating to gaining possession of Mr. *Ley's* House may have been surmounted.

Other Evidence is also annexed to this Report, which will evince the disposition of Your Committee to receive and examine every Plan which has been suggested, either with a view of avoiding any new Building altogether, or of limiting the expense ; but of all the proposals laid before them, they submit to the House that Mr. *Soane's* Plan recommended by the former Committee is the most comprehensive, and the best ; although under all the existing circumstances connected with Mr. *Ley's* house, and the necessity of obtaining, without further delay, some additional Rooms, they have ventured to give their sanction to a Plan much less complete, and more restricted.

It remains only to bring again under one view the observations which are deserving the consideration of The House, referring for a fuller explanation to the Report of the former Committee :—

1st. An additional number of Committee Rooms is become necessary by the increasing business of The House, and this deficiency will be rendered still more inconvenient in any Session when further accommodation may be required for Committees on Controverted Elections :

2d. The present Library being already filled, and not admitting of any enlargement, is incapable of containing additional volumes :

3d. The Vote Office, the Office of the Clerk of the Fees, the Ingrossing Office and others, are inconveniently circumstanced for want of room, and require to be enlarged, or rebuilt upon an improved scale :

4th. No space appears to be equally applicable to all these essential purposes with that which was pointed out, and recommended by the former Committee on 28th *June* 1825 ; and whatever may be done as a temporary expedient, the Committee cannot venture to suggest any other site, or plan, as sufficient for all the accommodation which is required :

5th. An addition of a spacious Library and five new Committee Rooms may be made according to the more confined Plan prepared by Mr. *Soane* by direction of Your Committee, and these Rooms may be completed before the 1st *February* 1827 ; which Plan, as it does not appear materially to interfere with the recommendations of the former Committee, nor with such further improvements as may be deemed hereafter expedient, is submitted to The House as proper to be carried into immediate execution.

This Plan, and that which was approved by the former Committee, are deposited among the Sessional Papers.

The

The Rooms numbered 6 and 7 have been cleared of the Papers which were deposited in them, and used for Committees, since the date of the former Report; and it is proposed to obviate the inconvenience of the first being a passage to N° 7, as well as of N° 1 continuing to be a passage to N° 2, by constructing a slight exterior gallery or passage.

The small room containing the present Library will be applicable to the use of Committees.

The Room numbered 15, and the adjoining Room, now containing Returns relating to the Rates for the Relief of the Poor, will be improved, and rendered more fit to be used by Committees, by altering the level of the floors, and improving the access to them by the staircase.

In the Third Report of the Select Committee of the last Session, it was recommended that a General Index to the Sessional Papers should be completed to the accession of His present Majesty, and should be printed for the use of The House; this not having yet been effected, Your Committee consider that the recommendation should be carried into effect without further delay.

26 *May* 1826.

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26 May 1826.

6 MINUTES OF EVIDENCE BEFORE SELECT COMMITTEE

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MINUTES OF EVIDENCE.

Jovis, 27^o die Aprilis, 1826.

HENRY BANKES, ESQUIRE,

IN THE CHAIR.

Colonel *B. C. Stephenson*, called in ; and Examined.

DID you receive any instructions from the Treasury towards the close of the last session, with regard to carrying into effect some plans that were laid before the Committee for improving or adding to the number of Committee Rooms?—None, in reference to those plans, that I recollect ; there was no estimate formed.

Col. Stephenson.

27 April 1826.

Had you any communication with the Chancellor of the Exchequer upon the subject?—I think there was a communication with the Chancellor of the Exchequer ; but I had several communications with the Speaker, with respect to providing a temporary accommodation.

Be so good as to explain what is meant by temporary accommodation?—The temporary accommodation the Speaker proposed was, two rooms above stairs, over the old dining room of Bellamy's, that they should be converted into Committee Rooms. I attended there and took his directions, and they were so converted immediately. The Speaker said there might be a want of further Committee Rooms, and asked if there was any other building. I said I knew of none, except the two temporary Courts erected at the south end of Westminster Hall.

Had you any communication with Mr. Ley on the subject of his house?—I had a great deal of communication with Mr. Ley, and principally in the presence of the Speaker. The great difficulty in the way of executing this plan, was the difficulty of getting possession of Mr. Ley's house. That seemed to be at the time the great difficulty ; but I beg to observe, these plans were not officially before me, nor was there any estimate.

Can you recollect what passed between yourself and Mr. Ley, in the presence of the Speaker?—There was a great deal of conversation ; Mr. Ley objected strongly to the giving up of his house ; that was the principal topic of conversation, and it was upon that, to the best of my recollection, that the Speaker suggested this temporary accommodation of those two rooms above stairs, with the addition, in case of necessity, of the two temporary Courts at the south end of Westminster Hall.

Did any thing pass between the Chancellor of the Exchequer and yourself in relation to Mr. Ley's house?—There was a meeting at the Chancellor of the Exchequer's, I remember, with Mr. Ley, but I do not think there was any thing conclusive. It all turned upon Mr. Ley's objecting to relinquish the right he had in the house.

Did you understand, either from the Chancellor of the Exchequer or from the Speaker, that the intended improvements and alterations were given up in consequence of the difficulty Mr. Ley made in giving up his house?—I cannot say I did collect that. It appeared to me, from the conversation which passed at the Chancellor of the Exchequer's and the Speaker's, that this was the great difficulty in the way of the plan ; and as Mr. Soane could not accomplish the plan without the house being given up, (Mr. Ley, I know, stood very firmly upon his rights to the house) there were no estimates of this plan, and it was never officially before me, as the head of the department of works.

John Soane, Esq. called in; and Examined.

J. Soane, Esq.

27 April 1826.

WHAT reason, do you conceive, prevented the alterations that were suggested by yourself, and approved by the Committee, from being carried into effect?—The not being able to get possession of Mr. Ley's house. I attended Colonel Stephenson, the Surveyor General of the Works, with the Speaker and Mr. Ley; and the only objection I heard, was from Mr. Ley, that he could not give up the house. The moment I had received these drawings back from the Committee, I thought I should immediately have an order to carry them into execution; and in consequence, I made an application respecting the books and papers that were to be removed out of Mr. Ley's house, and the different offices, that I might begin with the house as soon as possible, having pledged myself to the Chancellor of the Exchequer, that the whole should be finished by the next Session of Parliament, provided the meeting was not before February. It was said it is scarcely possible. I answered, I have considered it well, and pledged myself it should be done.

When Mr. Soane pledged himself these works should be executed by February, at what time of the year did he intend that the works were to commence?—Immediately upon the Parliament being prorogued; the very beginning of July. It was a very short time: and I was perfectly aware of the shortness of the time.

Did Mr. Soane anticipate that that portion of the plan which was intended for the use of the officers of the House, more particularly for the use of Mr. Dorington and the other clerks of the House, would be finished by the month of February, and in such a state as to enable those officers to resume the discharge of their official functions without inconvenience?—Most certainly I did; and I stated to the Committee the manner in which I should do it; that the moment the wall was as high as the first floor, I should put a temporary roof over it, and begin my finishing almost immediately; no rain or damp should penetrate into the walls, so that in point of fact, although the building was only raised from the base, the work of finishing should be begun.

Comparing the accommodation which the proposed plans would have given to the Officers of the House with their present accommodation, would it have been equal or superior, to the accommodation which they now have?—I think in every respect superior, as far as my judgment goes.

Do you think that equal or superior facility of reference to these officers would have been given under the improved plan, as compared with the existing accommodation, both to members generally, and to persons in official situations, who might find it necessary to communicate with the officers of the House?—I do.

Do your plans comprehend sufficient space for the records and the books and papers belonging to these respective offices?—I am not prepared exactly to answer that question, because I do not know the extent of these records; but there is a large portion of accommodation for books and records. They would certainly have more accommodation than they have now; but it would be rather too much for me to pronounce it sufficient.

Did you communicate with any of the officers of the House, with respect to the accommodation proposed to be given to them by your plans?—I do not remember that I had any direct communication with them.

Supposing your plan to have been carried into effect in the way that you suggested, and that the Committee approved of in the last year, would there have been any thing inconsistent in the execution of this plan, with the union, in one great design of the whole of the river front of the Parliamentary offices?—According to my judgment there would be none. This would make part of a great plan.

Do you not conceive that whatever portion of this plan may be undertaken, it would be advisable to make it subordinate to one general design, which might be executed hereafter?—I think it should make part of any plan that may be hereafter executed.

In making such a plan, is it positively necessary to take Mr. Ley's house?—Yes, I think so. I will show plans I have been making for the last thirty years, and there are none in which the taking down that house, is not comprehended. I could show fifty plans, some of which were submitted to his late Majesty, and very much approved of by him.

All including that house?—All proceeding upon the taking down that house.

Have

Have you happened to inspect the apartments occupied by Mr. Bellamy?—
Yes.

J. Soane, Esq.

What accommodation would they afford converted into Committee Rooms?—
I am not prepared to answer.

27 April 1826.

Did you ever pass a long gallery with a number of servants garrets, seventy-six feet long?—I cannot say the length, unless the plans were before me.

Do you happen to know the number of rooms Mr. Bellamy occupies?—I do not.

Do you know the apartments occupied by Mr. Hewitt?—I do.

Is Mr. Soane acquainted with Nos. 1 and 2 which are in a bad state?—I have been in them.

Before Mr. Soane gave the opinion, that without taking Mr. Ley's house, it would be impossible to give accommodation, had he examined these rooms?—I was in every room, and had plans of every room.

Having seen various plans, as long back as the year 1794, for the improvement of the House of Commons, with the view of giving additional parliamentary accommodation, are you certain that these plans comprehended the removal of Mr. Ley's house, as being a matter indispensable to their execution?—I cannot say that all did; but all that I have ever seen did. Indeed, it was always considered as a building so very bad, and so wretchedly placed in the way of any improvement, that till this day, I never heard a question upon it.

If the residence of an officer be necessary in the house itself, for the safe custody of the records of the House, would there be any difficulty in providing accommodation for the residence of such an officer, in the plans which Mr. Soane has laid before the Committee?—Not in these plans, certainly.

What is the accommodation that Mr. Ley's house can afford?—This is the outline of Mr. Ley's house. It contains a large part of the intended Library, Committee Rooms over, Committee Rooms under, and Clerks Room, according to my plan, which was approved by the last Committee.

How many Committee Rooms are there over?—There are three Committee Rooms over, and three under, six in all; and a large part of the Library intended to be placed upon the site of Mr. Ley's house.

Does Mr. Soane think there is sufficient space between the end of Mr. Ley's house, as it now stands, and the painted chamber, to form an adequate library?—I do not; in the first place it would darken the window of the Painted Chamber entirely. It was proposed that might be remedied by a sky-light.

Would not that alter the character of the room entirely?—These are the old windows. In the year 1794, when I had my survey made, these windows then existed.

Was Mr. James Wyatt then employed?—It was long before; it was in Sir William Chambers' time. I was called on by a Committee of the House of Lords in 1794, to make plans for the improvement of the House, and then it was the survey was made.

What expense does Mr. Soane imagine will be incurred in providing a residence for Mr. Ley in lieu of this?—It is impossible for me to say 'till the plans are made; but I mean to say most distinctly, that after having been acquainted with all the premises—acquainted with the two Houses of Parliament for the last thirty years of my life, I am decidedly of opinion, as far as my judgment goes, that no good and advantageous general plan can be formed without the destruction of Mr. Ley's house.

Supposing it was considered desirable to build a house for Mr. Ley contiguous to the Houses of Parliament in place of procuring an ordinary dwelling-house in the neighbourhood of Palace Yard, in the event of the removal of the Exchequer offices, would there not be space in that quarter for building a house for Mr. Ley?—I should think ample space.

Were the present new buildings of the House of Lords carried on under your superintendence?—Yes, certainly.

What time was taken for the execution of the plans; was it in the interval between session and session?—Certainly.

Were the rooms fit for the occupation of the officers and of the peers in the session immediately succeeding the commencement of the works?—They are not quite finished now, but still they can be and are used. The Library is not fitted up yet; it is only in a temporary way for their Lordships to see what my ideas of the accommodation there would be.

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J. Soame, Esq.

27 April 1826.

Were any of them fit for use and occupation in the session immediately succeeding the commencement of the works?—Most certainly.

Has there been any inconvenience felt on the part of the occupiers of these rooms from the occupation of them so soon after their building?—I have heard of none, nor do I believe there is any.

What difference would it make to have your designs executed in stone or in brick work now, with a view to facing the buildings with stone hereafter?—Bricks are very small. The stones would be two or three feet high. The number of joints in one case would be small, and many in the other. Settlements would be to be apprehended.

Can you form any opinion as to what time it would take?—I can scarcely give any opinion; it is the rage at present to do things so quick. It ought to take a considerable time.

If you could do it in brick in six months, could you do it in stone in nine?—No; this is a building that ought to be carried on gradually and regularly. The roof ought to be put on this year, and then it ought to stand for the wind to blow through it for twelve months, and then finish it when the building is perfectly dry.

With a view to the ultimate execution of the work, its stability and perfection, is there any very considerable preference between executing it all at once in stone, or executing it in the first instance in brick, with the intention, and making a provision for the future casing and covering it with stone?—I rather think that I should prefer the leaving the brick-work a time to dry, and cover it with stone afterwards.

Mr. Benjamin Spiller, called in; and Examined.

*Mr.
Benjamin Spiller.*

DO you hold the situation of Librarian to the House of Commons?—Yes, I do.

How many volumes of printed papers do the Parliamentary transactions of last year, consist of?—Twenty-seven.

Have you been able to arrange these papers in the present library?—Not conveniently, in consequence of not having room for them.

Have you any possible means of arranging the printed papers of the current session?—No.

Is it not found necessary for the use of the House, to have a duplicate set of the House of Commons' papers, for the facility of references before Committees?—Yes, it is; which are kept in another room.

Where are those duplicate volumes now deposited?—In the Committee Room N° 4.

Is there any space in which you have been able in the Committee Room to arrange the papers of the last year?—No; I have been obliged to lay them on the table in the room.

Is there any possible arrangement in the present room in which these papers are deposited, by which you can arrange the papers of the next and ensuing sessions?—Not any; not even the papers of the last session.

Do you then consider, that all the inconveniences of want of accommodation which you stated in your examination before the Committee of the last year, are augmented, since the period at which that examination took place?—Certainly they are, in consequence of the increase of books. The volumes of the last year altogether amounted to 40 or 50; one volume of Journals, one volume of Index, two volumes of Statutes, and six volumes of local personal Acts; altogether, there were 40 or 50 volumes added to the library, by the Papers and Acts, &c. of the last session.

Are you aware that a collection of the Colonial Acts, and of Colonial State Papers, was provided by a Committee of the House of Commons, some years back?—Yes. They were returned to the Colonial office, after the Committee had closed their sittings.

Do you happen to be acquainted with the gallery in the Speakers' House which opens into the lobby?—Yes, I know it.

You know the length of it?—I cannot say exactly the length, I know it by appearance.

In your opinion would that make an adequate and sufficient library if it was fitted up with shelves?—I should think it would. It is rather a narrow gallery to convert into a library.

What

What space would be the least for a convenient room of reference, would Twenty feet be sufficient for the purpose?—Yes; I should think that would do.

With a table in the centre and two ranges of shelves?—Yes.

In the centre of that gallery there is a beautiful little gothic chapel which might be a place to retire to?—Yes.

Upon the whole, do you think that if that was in the possession of the House of Commons, it would be an adequate and sufficient library?—I think it would, but the communication with the house would be rather bad.

Mr. Samuel Richard Gunnell, from the Committee Clerks Office, called in; and Examined.

WHAT office do you hold in the House of Commons?—I am senior deputy Committee Clerk; I am likewise Parliamentary Agent to the Chief Secretary of Ireland; I was so appointed by Lord Colchester at the Union, and remained so ever since.

How long have you filled your present situation of Deputy Committee Clerk?—Twenty-six years, and have been fifty years on the establishment.

When you were first appointed at the time of the Union as Parliamentary Agent for Irish business, what accommodation had you at that time for the transaction of your official duty?—My Lord Colchester obtained, through the Speaker, now Lord Redesdale, an office which is now the Secretary's room; he allotted a part of that to do the Irish business in.

Was any subsequent arrangement made of another kind?—Afterwards it was necessary, for the accommodation of the Speaker, to take that part of the room away to throw it into the passage that leads to the Speaker's gallery, and Lord Colchester, then Speaker, gave me a room which is now occupied as the library, and which I held for some years, until it was thought convenient to have this library and other alterations above stairs; I was then put out with a promise that when any alterations took place, I should be accommodated again.

In what year were you deprived of the use of the present library?—I cannot immediately recollect.

About six or seven years ago?—I rather suspect it is about that. Give me leave to say further, that since I lost that room, I have been extremely distressed to perform the business of the office; and I believe it was Mr. Grant, during his Secretaryship, applied to the present Speaker to endeavour to get me some other room to do business in.

What space have you now for the performance of the duties of your office?—I have only now, one of the Committee Clerks desks, which is already too small for the Committee business. The consequence is, and it is known to every Irish gentleman, that the number of persons in attendance are always in a crowd.

Has the business of your office augmented very considerably during the last ten years?—Very considerably; inasmuch as there were but eight or twelve Bills which used to pass every session, but for the last three or four sessions the average has been twenty or thirty; I mean Public Bills. It is not exactly the Bills, but it is the number of persons who necessarily come to ask questions and to attend to the business of the Irish affairs, that crowds my desk. In fact, it is not fit for it at all.

Have you any doubt that the present state of accommodation which your desk affords is productive of considerable inconvenience, not only to the office, but to the public?—I have no doubt very much so to the public, as far as Irish business is concerned; and as to public business, the honourable Member who is now questioning me, has seen a great deal of inconvenience on this subject, as well as other Members.

Mr. James Mitchell, from the Vote Office, called in; and Examined.

WHAT office do you fill in the House of Commons?—Deliverer of Votes and Papers to the Members.

In the performance of the duties of your office, is it necessary to have considerable space for the deposit of papers, and very easy access and reference to those papers?—Certainly.

What accommodation does the office at present afford you?—Very little; it wants light, space and air, being very confined and very inconvenient.

Have you space at the present moment for the deposit of any papers, excepting the current papers of the session?—Only the rooms which are appropriated to my

Mr. Benjamin Spiller.

27 April 1826.

Mr. S. R. Gunnell.

Mr. J. Mitchell.

Mr. J. Mitchell.

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use in the Secretary's late house; which are very inconvenient, being so far from the House, as I have daily occasion to go to them, for the use of the House, the Speaker and the Members.

Is there sufficient accommodation for easy access and for convenient reference, even to the papers of the current session?—Certainly not.

Has the accommodation in your office been diminished in any respect since you have been in office?—The office has been enlarged; the inner room, which was originally the Speaker's Secretary's, being given for the use of the Vote Office; but the other rooms near the lobby, as well as those occupied by Mr. Bellamy, which were formerly appropriated to the use of the Vote Office, have been taken away.

When were these latter rooms taken away from the Vote Office?—They were taken away at the end of the last session, and are now made Committee Rooms.

Has there been such an increase in the printed Votes and proceedings of the House of Commons, as to render, of late years, a greater space necessary than was required in the years past?—I should think tenfold.

Do you find, that from the greater anxiety with respect to the Parliamentary business, there is a greater demand and greater press upon your office, in the discharge of its duties, than formerly?—Yes, a hundred fold.

Where is the Secretary's house that you refer to?—Adjoining the Speaker's in Palace Yard.

So that you have to cross Palace Yard?—I have to go down Westminster Hall to fetch any papers any Member of the House may require.

Is not Mr. Mitchell's office also used as a place of deposit for the petitions which are in course of presentation?—Certainly; they are invariably brought to me; I appropriate places alphabetically to put them in for the Members, which are at present so small as to render the arrangement of them very inconvenient.

Is it not used as a similar place of deposit for official papers?—Yes; the ministers papers and boxes are constantly deposited in it.

Do not these duties, in point of fact, occupy a considerable space in Mr. Mitchell's office, and some portion of time in the discharge of his official duties?—Certainly, a great part of it.

Is there any means, in the present office, of performing all these duties in a manner that you conceive to be satisfactory to the Members of the House or yourself?—Certainly not to myself, and I fear not to the Members. The papers come from the printer's in bundles, and have to be collated for delivery. There are frequently ten or fifteen to be gathered to go out the next morning.

How many individuals is it necessary should be employed in your office?—I have twelve.

Where do they work?—There are four in constant attendance at the office, and the remainder are employed in carrying out the Votes and Papers.

Do you not consider it is actually necessary for the convenience of the House, that a deposit should take place in the Vote Office, not of papers of the current session, but of papers of the preceding session, which may be made matter of reference?—Certainly; it is obviously necessary there should be a space to keep those papers.

There is no possibility of making provision for the papers of the preceding session in your present office?—Certainly not.

Lunæ, 1^o die Maii, 1826.

John Soane, Esq. again called in; and Examined.

J. Soane, Esq.

4 May 1826.

HAVE you communicated with the officers of the House, with regard to the accommodation intended for their respective offices?—I saw them all the last Committee day, and took an account, from the different gentlemen, of the number of rooms and sort of space that was considered necessary; I have not seen them this morning. I did not see Mr. Jones, but I saw Mr. Gunnell, who is next to Mr. Jones. I did not see Mr. Whittam, but I saw Mr. Bull, Mr. J. E. Dorington, and Mr. Mitchell. From all I can gather from these gentlemen, it seems to me that there is sufficient space in the new plans, and that is all that is wanted. Here is a paper

a paper which contains a statement of what each office now has, and what this plan proposes to give.

J. Soane, Esq.

1 May 1826.

What alterations were suggested by the different officers in point of the respective situations of their officers?—They each of them wished to be close to the lobby of the House of Commons. It seems to me more convenient to make the Ingrossing Office of what I had called the Vote Office, and to make the Vote Office by taking one room of what was intended for the Clerk of the Fees; both of which offices I understand Members have very often access to in considerable numbers.

Have you looked at the pavilion lately, in which the waiting rooms, the Committee Room N° 12, the kitchen, and an apartment over it are, what is called the old prison tower?—Not very lately.

There is a chimney at the top quite out of the perpendicular, and ready to fall, and the pavilion itself has been separated from the main body of the building. A spout was put up to hide the crack, and then it was filled up with stuff. The consequence of this giving way at the base is, that the chimney will fall down?—There has been no change in it for some time. It is an original defect. It is watched from time to time to see whether it gets again into action, and if so, it is very easy kept where it is with irons.

It is perfectly safe, is it?—It is perfectly safe. I have always noticed it, but I did not consider it necessary to make any statement of it in my annual report.

Are you aware of what apartments occupy the five windows between the pavilion and the centre?—I cannot answer, unless I had been in the rooms.

Are you aware how the apartments between the centre and the court of King's Bench are occupied; they seem to be fitted up as bed-rooms?—I forget to whom they belong, but they are so occupied.

What will be the difference of accommodation, afforded by the new plan, to the different offices, as compared with the present; first with regard to the Ingrossing Office?—The new Ingrossing Office will contain about 450 superficial feet.

What does the present contain?—The present Ingrossing Office contains 470 feet; to the new building might be added about 200 square feet.

State the present and the proposed accommodation for the office of the Clerk of the Fees?—The present accommodation for the Clerk of the Fees is 782 feet superficial, the proposed accommodation is 970 feet.

Would the access to the office, the convenient access to which is considered of great public importance, be equal, in the proposed plan, to what now exists in Mr. Dorington's office?—I should think more convenient.

Will you compare the existing accommodation in the Committee Clerks Office with the accommodation intended to be given by the plans before you?—The Committee Clerks Office consists of one room containing 480 feet superficial; the new room will contain 650 feet superficial.

What is the present and the proposed space allotted to the Journal Office, including the room for the examining clerks?—The Journal Office has one room, 380 feet, one room for the Clerk of the Journals, 218 feet, and two examining offices, 780 feet. The proposed accommodation for the Journal Office is 1,512 feet, and for the examining offices 1,165 feet, making together 2,677 feet.

What is the present, as compared with the proposed accommodation for the Vote Office?—The present is 279 feet superficial, and the new one will contain 893 feet.

In case it was considered desirable to preserve the existing Vote Office as a writing room or anti-room for the accommodation of Members, or place of deposit for petitions, would there be any difficulty in doing so according to these plans?—No difficulty. There is a chimney to remove, but I do not call that any difficulty.

In the proposed arrangement for the new Vote Office, would there not be an access for the convenience of Members from behind the Speaker's chair down the staircase?—Yes, there would be.

Mr. George Whittam, called in; and Examined.

WHAT situation do you hold in the House of Commons?—Clerk of the Journals and Papers.

Mr. G. Whittam.

Have you examined the proposed accommodation to be given to the Journal Office, by this plan of Mr. Soane?—I have.

Do you think that, in point of accommodation, it is better or worse than the present office allotted to the same purposes?—I can hardly be prepared to give an answer to that question; judging from the plan, it seems we should have more space;

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Mr. G. Whittam.

1 May 1826.

space; the height of the room is considerably less than in the present office; I think our office is about eleven feet high; [it appeared subsequently that the height of the proposed new office, according to the plan, was nine feet and a half.]

In what respect would the want of height be an inconvenience to the Journal Office?—Only this; that the principal part of the business is conducted at night, and there are six clerks in the office besides the principal, and of course a number of candles or lamps, which would make it necessary, for ventilation, to have a lofty room, if it could be obtained.

If Mr. Whittam finds that the proposed accommodation, according to Mr. Soane's plan, will give to his office 2,670 feet superficial measurement, whilst in his present office he has only 780, does he not think that the additional space, being more than three times that which he at present possesses, will be more than a balance to any difference of height?—As far as my opinion goes, I should conceive it would.

Is there any objection to the room of the Examining Offices, being placed as in Mr. Soane's plan, No. 1?—I should not conceive the least objection on that account, but possibly rather an improvement, because it would be so far distant from the office of business, that the examination would not be interrupted.

Mr. John Bull, of the Journal Office; Examined.

Mr. J. Bull.

YOU have seen the plans of Mr. Soane; is there any thing you would suggest with respect to them?—As far as I have been able to judge of them, I see no objection at all to the plans; it seems we have a much larger space, and it has been truly said it would be an advantage if we could have more height, but if not, we certainly have it in space. I have always understood, perhaps incorrectly, that where you have height you have a freer circulation; and it is perfectly true, even of our present room (which is about eleven feet high) where we are kept till a late hour, that sometimes, after all our attempts to ventilate it, it becomes offensive, although it is much better since the use of lamps.

Mr. Samuel Richard Gummell, again called in; and Examined.

Mr. S. R. Gummell.

COMPARING the two plans of Mr. Soane, and supposing that, in addition to these two plans, the old library was to be restored for the peculiar use of your office, as connected with Irish business, would not the accommodation under the new plan be infinitely greater than that which is now enjoyed in the Committee Clerks Office?—Undoubtedly; any addition would be a convenience. At the same time, you will allow me to suggest, that with respect to all offices connected with House of Commons business, the nearer they are together the more convenient; it would be an advantage if the room that is now the library room could be made nearer to the different offices of business; all offices should be as nearly connected together as possible.

How many desks is it necessary to have in the Committee Clerks Office?—Four partitions; there is the principal and deputy, and a third assistant deputy has been introduced of late years, which makes three desks in fact, though the principal himself never occupies any.

Supposing accommodation provided for the Irish business elsewhere, how many desks would it be then necessary to establish?—Precisely the same number, because I am still an officer of the House. There are four principals, four deputies, and four assistant deputies.

When you say three desks, you mean three in each compound?—Yes, three in each of the places partitioned off. It would be better to have these partitions rather larger.

Observing you would have, in the new Committee Clerks Office, 170 more superficial feet than in the present, you can have no hesitation in preferring the accommodation of the one to the other?—Certainly; I wish the partitions to be larger. The area of course is a convenient thing for the public; but the partitions for the clerks themselves, which are scarcely large enough, might be made more convenient also.

As to the access?—The access now is very dark, every one stumbles; and I am surprized there are not frequently accidents.

Is the business of one committee clerk and another at all connected?—The committee business is all connected, but we have each our separate duties to perform; that is to say, we take it by turns. There are four desks and four principal Committee

Committee Clerks. As the committee business occurs, A. takes it first, B. next, C. next, and so on. *Mr. S. R. Gurnell.*

There is no connection between the business of A. and the business of B. ?— Yes, certainly. 1 May 1876.

There is no more connection between the business of one Committee Clerk and another, than there is between the business of any one of them, and the business of any clerk, in any of the other offices of the House of Commons?—Yes; it is all connected, though we divide the business.

Is there not a great deal of committee business done by persons not connected with the Committee Clerks office?—No; Mr. White attends Committees, when the Committee Clerks are not sufficient to do it. He does it for me, or another desk, just as it happens. He comes to my desk and takes my papers, and attends for me.

Then in fact every Committee is supposed to be attended by some one of the four?—Exactly so.

Is there not, in point of fact, a good deal of private business now done at the desk of the Committee Clerks?—In fact all the agents of private business are obliged to come to the Committee Clerk for the business to be done, as far as respects Committee business.

And do not the clerks of the House frequently take charge of private Bills, and thereby become the agents for the private Bills themselves?—Some do. Almost all the principal Committee Clerks, except Mr. Stracey; of course he is excluded.

According to what rule are the several clerks assigned to the different Committees?—Exactly as the order of proceeding appears in the minute book of the House. Supposing a petition to be presented to the House, or a Bill is read a second time; then they are referred to a Committee, and the Committee Clerks take them alternately according to the order of reference.

With respect to public matters?—Those go by the same rotation, according to the order in which they are appointed.

Supposing a Committee to sit in one session, on a public matter, and to be renewed in another session, and to continue a series of reports, it is a chance whether the same clerk attends the Committee in each year?—Quite a chance. Sometimes it is done by an understanding between ourselves, if it is wished by the chairman of the former Committee.

(*To Mr. Soane*)—If it should eventually be found expedient to enlarge the area allotted to the Committee Clerks office, could Mr. Soane accommodate them, with a larger space adjoining the south?—Yes, certainly, by taking part of another room.

Mr. James Mitchell, again called in; and Re-examined.

HAVE you looked at the intended allotment for the Vote Office with Mr. Soane? —Yes. *Mr. J. Mitchell.*

Does it appear to you that would be a commodious office for the purpose?—Yes. If it were nearer the door of the House, it would be more desirable, as it would be more convenient for the Members.

Mr. Mitchell will see that, in the office which is proposed to be allotted for the Vote Office, there is a communication for Mr. Hansard's men to bring the papers, and there will be an immediate communication from the body of the House itself, behind the Speaker's chair; does he not conceive, that double communication would answer every purpose?—Yes.

In point of space, how does it appear to you; would there be ample space in the new proposed room for the purposes of the office, the present office containing 279 superficial feet, and the proposed office 893?—I think for the office it would be sufficient for the purposes of the business; but store rooms for papers will also be necessary.

John Soane, Esq. again Examined.

DOES Mr. Soane, in the plan which he has now laid before the Committee, propose to disturb the room above the long gallery, at present occupied by the Clerk of Election Recognizances, the clerks of Committees of Elections, and the Private Bill Office?—My plan does not go to any alteration in that part. *J. Soane, Esq.*

Does Mr. Soane think it practicable and convenient to raise other rooms above these, making the total height of the old building not more than the total height of the proposed building on the east side of the court?—I should think it would be extremely

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J. Soane, Esq.

1 May 1826.

extremely advantageous, the communication being easy. I am aware this lobby is lighted by a sky-light, still I think I could get over that difficulty by not having the room quite so wide.

Is the wall strong enough?—It is like a castle wall.

Would the communication to the room on the third story, which may eventually be erected on the west side of Cotton Garden, be commodious?—Not so commodious and convenient as that to the other room.

But there would be no architectural difficulty?—No.

Mercurii, 3^o die Maii, 1826.

John Soane, Esq. again called in; and further Examined.

J. Soane, Esq.

3 May 1826.

IN reference of the passage of communication from the rooms now occupied by Mr. Bellamy, passing by the Committee Rooms N^o 4 and N^o 5 and the present library down to the smoking room, have you formed any plan for altering it in connection with the additions and improvements in the plans before the Committee?—No.

Would it be architecturally practicable to improve it in connection with the alterations in question, and with the conveniences of the coffee-room below?—I think it might; exactly to what extent I am not prepared to say.

Will you consider the subject, and submit your suggestions to the Committee?—Certainly, with as much dispatch as possible.

If the whole space connected with the buildings round Westminster Hall were submitted to you, would you entertain the same opinion that you do now, that pulling down Mr. Ley's house, the projection of the building coming beyond the centre, is indispensably necessary for the accommodation required for the House of Commons, meaning the re-modelling and the better arrangement of the apartments which now exist?—I beg to state, that I have already answered this question; I am very well acquainted with every part of those buildings, and I do not think, with all the knowledge I have of the place after thirty years experience, that I could propose a better plan for what is now required.

That is your present opinion?—It is.

Mr. David Jones, from the Ingrossing Office, called in; and Examined.

Mr. David Jones.

HAVE you looked at the proposed accommodation intended for the Ingrossing Office in the plan formed by Mr. Soane?—I have.

What is your opinion of the proposed Ingrossing Office, in relation to the present Ingrossing Office; does it contain more or less space in point of accommodation?—I think it contains more space; I would suggest, if we had not to go up and down stairs, it would be a considerable improvement, it would be a great accommodation to Members who frequently come with Bills, if it were upon a level with the Lobby; I think it would be a great convenience.

Are there more or fewer stairs in the proposed plan?—There are five fewer in the proposed plan.

Are the intended stairs better or worse lighted than the present?—Better; indeed the stairs at present, when the House is full, appear to be a rendezvous for the lawyers and others connected with business in the House.

Have you any thing which you wish to suggest with regard to the intended situation of the Ingrossing Office?—No, I am perfectly well satisfied; I think it would be a great improvement; there appears to be plenty of windows, and what is a great accommodation, they are on the left hand side; if there could be a little space given for the two women who sew the parchment together, it would be a great accommodation.

Mr. John E. Dorington, from the Office of the Clerk of the Fees, called in; and Examined.

Mr. J.E. Dorington.

YOUR father, the Committee understand, still continues indisposed?—He does, or he would have attended.

Have you examined, with Mr. Soane, the intended accommodation for the office held by your father?—I have seen it this morning, and I can assure the Committee, that the space proposed for us will not be sufficient.

What

3 May 1826.

What proportion does the space proposed bear to that which is at present occupied by your father's office?—The two rooms are larger and more convenient, but we have four stationers, who work in an office up stairs, where all the positions which are presented to the House are kept.

Is that in one of Mr. Whittam's offices?—No, they are in rooms belonging to our office; two small rooms, with which we communicate by a speaking pipe.

Supposing provision were made elsewhere for two rooms, of a similar character to those which you have described, would not the rooms which are proposed to be given by the new plan be infinitely more commodious than those which you now possess in your present office?—Yes; if we had two small rooms of the same description, and had some means of communicating with them, not a doubt of it.

With respect to access from the House, would the access to the office be equally convenient as it is at present?—Yes, I think it would.

(To Mr. Soane.) How many steps are there?—There are nine upon the plan.

(To Mr. Dorington.) Is there any communication from your present office, with the rooms where the work which you before alluded to proceeds?—Instead of going up to the Journal Office you turn up a little narrow staircase, which goes to the rooms where these stationers are.

There is no other communication than the one which you have just mentioned?—No, there is not.

(To Mr. Soane.) Have you examined those rooms and calculated the area which they occupy, in addition to those at present occupied by the clerk of the fees?—I have, and have plans taken of them.

Is that area included in the statement which you delivered in, forming an aggregate of 772 superficial feet?—There are two rooms level with the lobby of the House of Commons containing 402 superficial feet; and there are two rooms over the same containing about 370 feet, making together 772 feet.

What is the aggregate of the superficial contents of the rooms you intend to make?—The three rooms I propose to make will contain 976 superficial feet, and 11,718 cubic feet; the old rooms contain 7,121 cubic feet.

Supposing it necessary to provide additional accommodation in Mr. Dorington's department, for the purposes in which those two upper rooms are at present appropriated, could that accommodation be afforded by any alteration in your plans by which a room might be appropriated to him, either above or below the present office?—The third room below might be made larger, it might be made about four feet wider; it is shown by a dotted line in pencil on the plan; it would give another room, and there would be no difficulty in making it four feet wider.

(To Mr. Dorington.) Supposing the room on the ground floor to be appropriated to your offices, would that give you more ample accommodation than you have at present?—Most certainly.

(To Mr. Soane.) In the design which you have given, do you consider the projected elevation to be any thing more than a sketch, or do you consider it as a design to which you would consider it advisable to adhere?—I only consider it as a general idea of what you have in a first design, which must, when you come to details, be subject to alteration, because it would be necessary to see that it corresponded with other parts of the buildings.

But in the adoption of that first design, should you see any kind of difficulty (consistent with the general principle) in adopting another elevation, in case it should appear to be more advisable?—No difficulty whatever.

What is the projection of the proposed building which it is intended to erect on the south of Mr. Ley's house?—About twelve feet beyond Mr. Ley's house.

What is the difference of height between the intended building and Mr. Ley's present house?—I cannot answer that question; it is higher than Mr. Ley's house.

Do you not consider that the plan of this building to be projected twelve feet beyond Mr. Ley's house, would be a considerable disaffect to the general front of the buildings from the river, taking in the whole line?—I should say, no.

Will you furnish the Committee with a sketch, however slight, of the elevation proposed by you in connection with the existing buildings?—Such a drawing has been made, and the Committee shall be furnished with it; had not such a drawing been made, I could not have given the answer I did; that I considered this as a part of a general plan of improvement.

Would you produce the general plan of improvement you propose?—I shall be very happy to submit to the Committee those plans and elevations.

Jovis, 4^o die Maii, 1826.

John Soane, Esq. again called in ; and Examined.

J. Soane, Esq.

4 May 1826.

HAVE you brought with you the plans and the elevation you were desired to, produce?—I believe all of them.

[The witness produced the same, and they were inspected by the Committee.]

Colonel Trench, a Member of the Committee, Examined.

Col. Trench.

HAVE you turned your attention to the present Accommodation which is afforded by the existing Committee Rooms and Library of the House of Commons?—Yes.

Have you considered the most expeditious, the most economical and the most convenient mode, in your view, of adding to that accommodation?—I have ; principally, with the view to prevent the necessity of making any temporary arrangements for the sake of temporary accommodation, which may be an impediment in the way of any future general design.

Do you conceive that in any buildings which are about to be undertaken, it ought to be a special object of consideration to do nothing that would impede the execution at a future period of a general design?—Undoubtedly ; that is the consideration which has principally induced me to turn my attention to the subject. I think that with the concurrence of the House of Lords, a splendid façade might be made along the river, of no less than 750 feet, and visible in every part from Westminster Bridge.

Do you conceive that sufficient accommodation could be given at the present moment, or previously to the next session without interfering with the general plan to which you have alluded?—If the Committee will allow me, I will state the accommodation that I think might be given. In the first place, it must embrace an arrangement with the Speaker ; I have seen him yesterday morning in consequence of some doubts expressed with regard to his feelings upon the subject ; and I can state that he is now ready to give to the House of Commons that accommodation described in the paper which I have circulated among some Members of the House. His first wish would be to be left entirely alone ; but if any alterations are made, he is very desirous of affording to the House the accommodation referred to as follows : First, A long gallery of about ninety feet in length, being something wider than his own library, as a Library for the House of Commons. Secondly, Two apartments, now used for levee rooms, making three.

What additional space in the way of Committee Rooms do you conceive would be afforded by the rooms thus surrendered by the Speaker?—Three Committee Rooms in the gallery, and those two large apartments, making five ; the accommodation given by the Speaker therefore will be equal to five rooms.

What would be the additional accommodation beyond that procured by the surrender of those rooms in the Speaker's house, on which, under your plan, the House could rely in the course of next session?—In the first place there are the Committee Rooms, Nos. 6 and 7, which at the time that my paper was written were not fitted up, but which are now fitted up.

Is not one of those rooms within the other so as to make it extremely inconvenient to make use of the two at one time for different and distinct purposes?—They are precisely in the same situation as Nos. 1 and 2 are.

Is not the stair-case and the mode of approach to those rooms so narrow as to make them ineligible for Committees sitting on questions involving litigated points?—I should think they would be less convenient than those Committee Rooms I shall hereafter submit to the Committee, because the latter would have waiting rooms adjoining, and because one of those rooms now referred to lies within the other.

What are the other Committee Rooms beyond Nos. 6 and 7, and the rooms derived from the Speaker that you allude to?—The first is a room which is upon the list of rooms No. 15, at present ; but it is very seldom made use of from the inconvenience of access by the staircase, and from the circumstance of its being very small and very low at present, that room is 22 feet by 20, and 11 feet high ; there is a closet

a closet adjoining which is 12 feet, which is not at present applied to any purpose; this room is over No. 14, the ceiling of which has been covered with canvass in consequence of its being too high; and if the floor of No. 15 was lowered to the range of the canvass, and this closet thrown in, you would then have a Committee Room 34 feet by 20, and 15 feet high.

Would your plan in any degree diminish the inconvenience to which you have alluded, with respect to the staircase and mode of approach to No. 15?—Very much; and this is one of the important features of it. It would take away nearly one entire flight, and make the access much more convenient. The next room, is a room adjoining No. 15, the dimensions of which are 24 feet by 20, and which, by the same process, would be made 15 feet high, and is now occupied by a person who has the charge of what are called, Poor Returns. I conceive that the House of Commons would have a right to make use of this room. There are nine new and convenient Committee Rooms, for the immediate necessity of the House of Commons, and this number, I conceive, is nearly sufficient to preclude any necessity of making any building without consideration and communication with the Lords, and without keeping in view the important object of hereafter making the whole façade uniformly handsome.

In making out nine Committee Rooms, you include the Speaker's library, which you reckon as three?—Yes.

Then, in the event of supplying what has been considered a matter of very great public convenience, namely, a library for the House of Commons; the plan which you have detailed, would only comprehend six new Committee Rooms?—Exactly.

Of which, two would be Nos. 6 and 7, to be approached by a narrow staircase, as at present is the case; and two others would be No. 15, and the adjoining room, which are on the upper story?—Exactly.

Then your plan, as far as you have hitherto detailed it, in point of fact, only adds three rooms to the existing accommodation of the House of Commons?—The Speaker's two rooms, and No. 16. I state this accommodation, merely as a temporary expedient, to prevent the necessity of erecting such a building as that proposed to be erected in advance of, and on the site of Mr. Ley's house. I consider that the gallery should, next year, be applied to its original destination of a library; then the only additional accommodation that the House would receive, would be the two rooms of the Speaker, and No. 16; at the same time, 6 and 7 have been fitted up by the Speaker's order, since this Committee sat upon the former occasion, when their Report was made, and therefore ought to be reckoned as two of the 10 rooms then deemed necessary.

Have you, in the alteration you suggested of Nos. 15 and 16, considered the light?—The light in those rooms may be got in the most perfect manner from the roof; and even if the plan of carrying a range of apartments over them in the roof was to be adopted, still those rooms, by splaying off the walls inside, I conceive would have quite sufficient light, and of the best description, because it would come in from above; besides, when the floor was lowered, the light which is not now sufficiently high, would then become high enough.

In the communication which the Speaker held with you, what new accommodation did he propose that the House should provide for him, in lieu of that which he was willing to give up to the House?—The Speaker did not propose any thing; but I suggested, and the Speaker acquiesced in the suggestion, that the kitchen which is within the quadrangle of the inside of his house should be removed. That would be to him a great accommodation, as two of his galleries, and some other apartments now looking into it, and he is obliged hermetically to seal his windows to prevent the smell of the dinner coming in; and it is attended with a variety of other inconveniences. I do not state this as matter of barter between the Speaker and the House of Commons, but as a part of a general arrangement for a general plan, which would make the Speaker's house more agreeable and more convenient. My second suggestion was to take down the walls of the cloisters; to restore, or rather to complete, the mullions of the old cloistered windows, and to glaze them. This would make those beautiful cloisters a part of the Speaker's living suite of rooms, and at the same time give him access to a very beautiful small Gothic chapel, which is 17 feet by 12, which would also form a part of the range that would be opened to his guests; a corresponding apartment of similar beauty in the story above, would be a matter of accommodation and convenience to Members consulting books in the Library, and might be supplied with materials for writing. The other

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other accommodation proposed to the Speaker was, a better distribution of his stables and coach houses, and the erection of a kitchen, all of which may be combined in such a manner as to give a complete view of the whole side of Westminster Hall from Westminster Bridge. In giving up the two levee apartments adjoining the Tapestry Room, the Speaker suggested, either that a portion should be taken off from the inner apartment to form an anti-room to the Tapestry Room; or what he still more preferred, would be, that the fireplace of that Tapestry Room should be changed to the opposite side, and that the entrance from the other apartment should be made where the fire-place now stands. My original suggestion to the Speaker was, that the front of his house should be advanced about eight feet into the garden; but upon further consideration he said, that, as far as his opinion went, he was satisfied with it as it stood.

Are there any additional means of accommodation which suggest themselves to you, as connected with the existing rooms of the House of Commons?—The whole of the apartments connected with Bellamy's coffee room, and his private residence; first, the three rooms which are his present living rooms; secondly, a space of seventy feet by thirty, which is now wasted in small closets and servant's rooms; and which, by raising the roof, would give four good rooms.

Have you considered how far this space could be made internally applicable in its position to the purposes of Committee Rooms?—It can be admirably applied, either to the purposes of Committee Rooms, or to the purpose of a deposit for records, in case the Committee should think them too high for Committee Rooms, or prefer making use of this other apartment, which I am about to suggest. Bellamy's kitchen, his coffee and tea room, form three rooms. Then near the centre of the stone building, there is a space, 71 feet by 36 feet, now occupied by records; and if the upper apartments in the centre of the stone building, were converted into a great record room, by filling up the vacancies now in the rear of those rooms, the space below as described, 71 feet by 36, would be left entirely free for the disposal of the House; or in the interval, if that space of 71 feet by 36 feet was to be continued to be used for records, the House of Commons might get immediate possession of the upper rooms, which immediately connect with the present Committee Rooms, and are now occupied by Mr. Hewitt.

Are you aware whether, in point of fact, those rooms belong to the House of Commons at all?—No, I apprehend that they may not belong to the House of Commons; but I consider that we should not be limited by what belongs to the House of Commons, but suggest that which would be advantageous in a general view, of the disposition of all the apartments, whether they belong to the Crown or the House of Commons, or are at the disposal of the Treasury, or of the Law Courts. The raising of the roof upon both sides between the centre, and the prison tower on one side, and the centre and the King's Bench on the other, would afford a large, ample and airy space, quite sufficient, if that position were preferred, for the records of the King's Bench, and immediately adjoining that court itself. The apartments occupied by Mr. Hewitt in the centre of the stone building are six, and might be applied to accommodate what is called the Augmentation Office, or used for Committee Rooms.

Do you conceive, that any general plan can, at any time, be carried into effect, without involving in it as a necessary consequence, the removal of the existing house of Mr. Ley?—Most undoubtedly I do; my idea is, that Mr. Ley's house might be diminished rather than increased; it now projects twenty-two feet beyond the end of St. Stephen's Chapel, and instead of projecting fourteen feet more into the garden, I should propose (if any alteration was made in this house) that so much should be cut off of it as we are enabled to give him in the direction of Cotton Garden, so that his house should have as much accommodation as at present, and what I consider an eye sore should be diminished, instead of being increased fourteen feet.

Then you do ultimately suggest, either a removal or an alteration of the existing house?—I should call it a new disposition; it would be desirable ultimately, but not at present. My object at present is to show, that there is no necessity to adopt the general plan which includes this increase of Mr. Ley's house, the projection into the garden being a projection of no less than thirty-six by eighty feet in length, and of no very beautiful character, and quite close to the end of St. Stephen's chapel.

Do any part of the plans which you have detailed to the Committee, comprehend such additions to the accommodation afforded to the officers of the House, more particularly the office of Mr. Dorington, the Vote Office, the Committee Clerks Office

Office, the Journal Office, and the Ingrossing Office, as will remedy the inconveniences under which the officers filling those departments, are at present placed. With regard to the Ingrossing Office, I conceive its removal from its present situation indispensable to the lighting of a new apartment, to be given to the Speaker.

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Will you describe that apartment?—I forgot before to mention it. The Speaker's dining room contains three arches under the House of Commons; at present, to the west, there is a continuation of the undercroft containing two arches, with very beautiful windows, and with clustered columns, in the most perfect preservation; these spaces are now occupied by wood and coals; if one arch of the three in the Speaker's present dining room was added to those two, it would give him a new and very beautiful dining room, which would be of the same dimensions as his present dining room, and be lighted by the removal of the Ingrossing Office; the remaining two arches of the Speaker's present dining room, with the addition proposed in front of Solomon's Porch, would give the Speaker a drawing room of the same character, and of the same dimensions, opening upon the garden at one end, and with folding doors, with the dining room at the other, with a small and convenient library of reference over the porch.

In the event of such a plan being adopted, where would you propose placing the Ingrossing Office?—The Ingrossing Office will be placed in a space of 65 feet by 22, which may be gained at the side of Mr. Ley's house, by changing the position of three windows now looking into Cotton Garden. But this is only a temporary expedient, because the Ingrossing Office must form a part of the general plan of disposition of public offices, with which I feel myself incompetent to deal at present, further than by pointing out, that a large space may be obtained in Cotton Garden for such disposition as may be thought proper.

Do you contemplate any place in which the other offices could be settled, or do you consider that it would be advisable to continue Mr. Dorington, and the Clerk of the Journals and the other officers in their present situation?—I believe the disposition of those offices may be very much improved, and much better accommodation may and ought to be given to them; but without entering at all into those details, upon which I do not feel myself competent to set up my opinion against those of persons better informed, and which I wish to avoid, my anxiety is to show that no necessity exists for making those arrangements, however judicious they may be, at the present moment, but to leave it to be a matter of consideration after a general design and plan shall be fixed upon, if it be possible to make such an arrangement. My object is postponement, in order to avoid what I apprehend would be an obstruction to the possibility of making a splendid façade hereafter. I would rather let the officers suffer the inconvenience they now endure for another year, in the hope that government and the House of Lords and the House of Commons may fix upon some general plan for the accommodation of all the officers, and adopt some handsome design for the exterior of this façade.

As such general plan must necessarily comprehend the removal of the existing house of Mr. Ley, and the erection of other and improved buildings in its room, in what respect do you conceive inconvenience would arise from commencing by that portion of the building rather than by an indefinite postponement?—I do not admit of this necessity, nor do I consider the pulling down Mr. Ley's house as a *sine qua non*, and if any alteration be made in it hereafter, I should much prefer pushing it back fourteen feet instead of advancing it fourteen feet more into the garden, and if his house was judged necessary in its present situation, I think if fourteen feet of its front were cut away, that amount of accommodation might be obtained in Cotton Garden, as I have before stated. But without any reference to Mr. Ley's possession of that house, my principal object is to prevent the adoption of a plan which I think will interfere with the beauty of the front and the river, now and for ever.

What is the width of the Speaker's gallery?—The gallery that the Speaker proposes to give to the House of Commons, is something wider than that gallery which he uses himself as a library; but I conceive that it would be admirably suited to the purpose of a library, especially when we take into consideration the small chapel which forms the bow in its centre. I beg leave to add, that from the immense thickness of the wall adjoining Westminster Hall, there could be no difficulty in recessing all the books in such a manner that no part of the space of the apartment would be interfered with.

In what manner would the two rooms which now form the Anti-room to the

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Tapestry room in the Speaker's house, be accessible from the Lobby of the House of Commons?—Through the Library.

Do they immediately connect with it?—Immediately by a staircase.

Is not one of those rooms a passage room to the other?—It is.

How are those rooms lighted?—By large windows into the Speaker's court, one has two windows and the other has three windows, one is 25 feet by 20, and the other 20 feet by 17.

Then that library would be a passage to both the Committee Rooms, and one of those Committee Rooms will be a passage to the other?—Yes; if Bellamy's apartments were to be adopted, a very admirable house and coffee room might be obtained for him near the lower lobby.

Colonel *Trench*, a Member of the Committee, delivered in, on Monday the 22d of May, this Additional Evidence; which was read and ordered to be added to the Evidence given by him on *Thursday*, the 4th of *May*.

SINCE I gave my former evidence, I have re-examined all the apartments referred to, and am anxious to submit to the Committee the three following suggestions:—

The first gives the following accommodation:—The Speaker's Gallery for a library, and fourteen new Committee Rooms. The officers of the House to be left precisely as they now are, in the conviction that a little more mature consideration may enable such a disposition to be made as shall ensure their convenient accommodation, without precluding the possibility of any further embellishment of the exterior.

The rooms obtained in aid of the existing Committee Rooms are as follows:

Bellamy's living apartment	3
Kitchen, coffee room, and two tea-rooms	3
N° 15 made an excellent apartment, by throwing in a closet now useless and lowering the floor, 34 feet by 20 and 15 feet high	1
Poor Returns adjoining, 24 feet by 20	1
N° 6 and 7 fitted up since last session	2
Space between the end of N° 2 and N° 7, and a tower of the Speaker's house easily convertible into two good rooms, about 35 or 40 feet by 20	2
A good house for Bellamy may be obtained in the space lying between the north wall of the House of Lords, the west end of St. Stephen's Chapel, the south end of Westminster Hall, and the east wall of the King's Remembrancer's Office. In the range over kitchen, coffee-room, &c. &c., four small apartments will be obtained immediately; these will be made admirable rooms hereafter by raising the roof, as proposed in the second suggestion	4

16

Deduct library and room over it, sacrificed to form Bellamy's new house

2

Actual new rooms

14

The removal of the labourer in trust would give three or four small and low apartments which are not included.

Galleries of communication on each story (where N° 1 and 2 and N° 6 and 7 now lie one within the other) will make these apartments all available and convenient; one will no longer be lost on each floor as a passage room.

The galleries may be made very beautiful, and supported by a very simple and unexpensive construction; and if the external wall be rebuilt or new cased, so as not to lose the existing floors, this communication will be perfect to the three apartments on each floor; or a staircase may be interposed between the end of 2 and 7, and the new rooms called 17 and 18; which arrangement would do away the necessity of the upper gallery of communication.

The under part of the existing windows of these apartments looking into the Speaker's court and commanding his house, will be blocked up to the height of seven feet, by the formation of these closed balconies or galleries; but as much light as is taken away from below will be gained from above.

The external walls of these rooms are very bad, and must be built, and should correspond

correspond in style with the other three sides of the quadrangle. The galleries may be made very ornamental, and can be supported by a very simple and unexpensive construction.

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The space proposed to be occupied by Bellamy would be 31 feet by 27, a space larger than many London houses, and would be surrounded and constructed upon by the following four walls: The north wall of the House of Lords—the west end of St. Stephen's chapel—the south end of Westminster Hall—and the east end of the King's Remembrancer's Office. The coffee room thus obtained would be 31 feet by 27, including the present library and passage; and for the kitchen, the best plan would be to take the Committee Room, N° 4, which is now certainly very small, but sufficient for that purpose; and may hereafter be enlarged by building over Alice's Coffee house.

A kitchen adjoining and on the same level, would be better than one above; and by this means Bellamy's present drawing-room would be got as a Committee Room, in exchange for N° 4.

Given up to Bellamy, for coffee-room and kitchen, the library, N° 4 and passage, leaving him in possession of the attic; in lieu of these the House of Commons will get possession of—

1. The coffee room, kitchen and tea room	-	-	3
2. Of Bellamy's dining-room	-	-	3
			6
3. Add to them N° 15, made a good room	-	-	1
4. The Poor Returns	-	-	1
5. And the two rooms beyond N° 2 and 7	-	-	2
			10

As 1 and 2, and 6 and 7, must be rebuilt from their present unsafe and tottering state. If the two rooms, now passages, are by means of galleries converted into distinct available rooms, they will give rooms

Total - 12

It is obvious that the expense of this project will be very small indeed, and it may be effected in a very short time, and will not at all interfere with, or prevent the ultimate execution of either of the plans subsequently suggested.

As to access to Bellamy's new coffee room, several approaches present themselves:—

The first and most obvious is the very stair-case which now leads from the smoking room to the present library.

Another access may be obtained from the stair-case which leads to the Recognizance Office and Private Bill Office.

In short, this room would be surrounded by facilities of access, instead of being inaccessible, as was stated.

If this plan be adopted, there will be little to pull down, little to build up; consequently the immediate expense will be but trifling, and what is done now will not interfere with any larger and more general plan at a future day.

The second suggestion also leaves the House of Commons as it is. It leaves Mr. Ley's house untouched for the present, but with the power of hereafter taking down so much of it as shall make it range nearly with the Speaker's house on the other side of St. Stephen's chapel; and still, whether occupied ultimately by Mr. Ley, or otherwise disposed of, that house may be made a better and more convenient one than it now is. (*Vide Plan.*)

It will be necessary to remove the present Ingrossing Office, and stair-case leading from the Lobby of the House of Commons to the House of Lords, together with a room above this stair-case. By the removal of these buildings, the south side of St. Stephen's chapel will appear in all its former grandeur, and a perfect and ample light by this means will be gained for the proposed new dining room for the Speaker. This is all that is to be taken away, and in its stead no less than twenty rooms are obtained, including the Long Gallery, and the offices over it. These rooms will average 24 feet by 20, and would alone be amply sufficient for the convenient accommodation of all the officers connected with the House of Commons, even without counting any one of the fourteen rooms referred to in the first suggestion.

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By this second suggestion, three sides of Cotton Garden will be occupied by appropriate buildings; the fourth being formed by the South side of St. Stephen's chapel.

There may be a most convenient passage of communication from the House of Commons to Bellamy's coffee room and all these apartments;—stair-cases will be placed in the corners that would otherwise be dark, and a great body of light may be introduced from their sky-lights in aid of the borrowed light, which will be particularly useful in the lower passages.

The passages may be so managed between the buttresses, as not to injure the effect of St. Stephen's chapel. In this plan, it is proposed to build up against the window of the Painted Chamber, which now looks into Cotton Garden; but by opening a range of windows at the east end, exactly corresponding with the original range over the Music Gallery at the west end, a body of light will be thrown into the room, at least four times greater than that now obtained from Cotton Garden.

LIST of ROOMS to be obtained by this Second Suggestion.

	New Rooms.
1st.—The rooms around Cotton Garden, including the labourer in trust, and the two stories over them, amount to	20
Deduct Long Gallery, Dyson's two rooms, and three rooms of the Private Bill Office	6
	14
2d.—A room over Alice's coffee house and N° 4	1
3d.—Add rooms described in first suggestion	14
4th.—By raising the roofs of the stone buildings	10
Total New rooms	39
Add old existing Committee rooms	13
Total	52
Add Six rooms deducted from the rooms in Cotton Garden (as above)	6
	58

These 58 rooms are exclusive of Bellamy's house and of the admirable accommodation of the Speaker's gallery for a library, and also of the Chaplain's and the Serjeant at Arms' rooms, so that the number of apartments to be obtained by judicious arrangements, and at a moderate expense, may be reckoned at

Rooms	60
If to them we add the	19
Rooms at present occupied by the Officers of the House, we shall have no less than	79

This gross total of 79 Rooms will be available to distribute for Committees and Offices, without adding to Mr. Ley's house, as has been proposed to the Committee; and projecting a mass of buildings no less than 36 feet into the garden beyond the end of St. Stephen's Chapel, and with an extent of 80 feet of front, and close adjoining to the end of the Chapel, making it impossible ever to produce any tolerable effect in that front of 750 feet, so susceptible of any variety of beauty of design, or any degree of grandeur and magnificence.

This 2d plan would include the adding to Solomon's Porch, which will make the Speaker's apartment under the House of Commons quite complete; giving him a dining room and a drawing room of the same dimensions and in the same character, one opening into the other; the expense of this would be but little, merely the throwing the porch forward as described in the 14th paragraph of Colonel Trench's printed suggestions now before the Committee.

The third Suggestion embraces a larger scope of improvement, but is no more at variance with the second than the second is with the first.

I conceive all that has been stated may be brought to bear its part in the present Suggestion.

1st. Restore St. Stephen's Chapel to its original form; it is nearly perfect as it now stands. This will add one window and a half to the length of the House of Commons, and will give accommodation for about 100 more Members than can now sit in the House. The Lobby should be thrown out as far as the wall of the King's Remembrancer's office, and would be 570 square feet larger than the present one.

The

The windows of the chapel should be built up solid, except that which would light the new gallery, leaving as many of the heads of the others glazed as may be deemed necessary and agreeable.

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Bellamy provided for, as in suggestions 1 and 2.

Officers of the House to be provided, as may be decided on from the superabundant means suggested in 1 and 2.

The Speaker's apartments under the House and Solomon's Porch, as in N° 2.

The Speaker's kitchen to be removed and placed where his coachhouse, &c. now are, and new coachhouses and stables to be erected near the river, and masked by a wall, over which and across his court will be seen the side of Westminster Hall; the three buttresses of which should be restored.

A gate of entrance, with a porter's lodge, in good taste, but without much ornament, to be placed near the river in Palace Yard.

The gate of sortie to be, as at present, by the side of Westminster Hall.

Buttresses to be restored in stone.

A record room for the Augmentation Office in the centre of the stone buildings, where Mr. Hewitt now resides. It will require some additional building to complete his apartment.

An admirable and well ventilated Record Room for the King's Bench, over the apartments between the King's Bench and the centre of the stone building. If an arrangement of this part of the stone building could be made, in concert with the Chief Justice of the King's Bench and the Bar, great accommodation may be given to the courts of law; indeed there is space enough for a new court if wanted.

The old Exchequer Buildings to be pulled down, and if necessary the line continued from Westminster Hall to the Speaker's gate of entrance. But if such buildings are not necessary, a wall of the proper character running between the Speaker's gate of entrance near the river and his gate of sortie, would have a much better effect, showing the end and side of Westminster Hall from Westminster Bridge and the Palace Yard.

Martis, 9^o die Maii, 1826.

John Henry Ley, Esq. Clerk of the House of Commons, called in;
and Examined.

UNDER what tenure do you hold your present house?—I am a patent officer of the Crown appointed to attend the House of Commons, and I have a house there as such officer, which has been attached to the office upwards of seventy years, built purposely for the office.

*J. H. Ley,
Esq.*

9 May 1826.

Is the house annexed to that office by the patent?—The word "house" is not in the patent, but the office is granted "to hold, enjoy, exercise, and occupy the said office, together with all salaries, fees, rights, profits, perquisites and advantages, whatsoever to the said office, after what manner soever or howsoever appertaining, incident, incumbent or belonging;" and I conceive that the officer having occupied that house for seventy years, is a pretty good title to it.

Does not your house belong to the Crown?—It belongs to the Crown, but still it is attached to the office.

Are the Committee to understand that the house is not mentioned in the patent conveying the office to you?—Yes.

In the grant to you, is it recited that there is granted to you the office which you now hold, with all the advantages which were used and possessed by your immediate predecessor?—Yes, I believe; excepting that my predecessor had it to execute the office by himself, or his deputy; that is left out in my patent. It will be best to look at the patent. But I would rather however rest the question as to my house on the ground of my situation as Clerk of the House of Commons, than to stand upon any patent right. I conceive it would be a very wrong thing that the Clerk of the House of Commons should be turned out of this house, and that he should not reside where he has been resident for seventy years, for the purpose of doing the business of his office. If the House of Commons says, it will take the house, and make me a proper compensation for the private injury I may sustain, I personally cannot oppose such

26. MINUTES OF EVIDENCE BEFORE SELECT COMMITTEE

J. H. Ley,
Esq.

9 May, 1826.

such a measure, but I protest against it, in the strongest terms, as Clerk of the House of Commons, and as the patent officer of the Crown; and I should submit, that when a patent officer of the Crown has been placed in a situation of this kind, it is to be supposed that the Crown thought it right that he should reside at the House of Parliament to which he is appointed.

Was the house built under a vote of Parliament?—I have looked, and I do not see any vote for it.

Who resided in it before it was given to the Clerk of the House?—It was built purposely for the Clerk of the House of Commons, in the year 1760, and then Mr. Dyson took possession of it. After that, Mr. Hatsell had it; and when Mr. Hatsell died, and I received the appointment, I took possession of it. There was a desire some time ago to pull this house down. At that time Mr. Hatsell made application to his late Majesty; and as I have been informed, his late Majesty said it should not be pulled down.

Did Mr. Hatsell, as long as he resided there, carry on the business of the House of Commons; or did he transact that part which belonged to the clerk's office by deputy?—He superintended the office; he never gave up the command over the office, but most of his duties were executed by deputy. At that time the deputy clerk resided in a house in St. Margaret's-street; now that house is taken away. If the Exchequer offices are pulled down, as I understand is intended, Mr. Rickman will be turned out of his house, and then the building will be left without any clerk resident.

If a house were allotted to the Clerk where the old Exchequer Office is now, with an entrance into Westminster Hall, would not that answer the whole purpose, by the Clerk residing sufficiently near to the House of Commons?—Perhaps, if there were to be a right of way through the Speaker's house, so that the Clerk might have access to the House of Commons and the offices through the Speaker's house, it might do; but still it would be more inconvenient. I conceive that my house is not built for my own convenience, but for the sake of the business of my office. I am quite sure, if there is any officer who ought to have a house close to his office, it is the Clerk of the House of Commons. The whole of the office may be called his office. He executes all the official business of the House of Commons through the different clerks in the several departments. When things go on right, and the clerks are well versed in their situations, he may not take so much trouble in each particular office as he would otherwise; but if the clerks in any department should not be exactly fit for their duty, it would be his duty to be continually watching that particular office. I consider it almost indispensably necessary that he should, during the Session of Parliament, be constantly at his office, which can only be effected by his having such an official residence as I have at present.

Have you considered the accommodation afforded by the present offices of the House of Commons, particularly the office of the clerk of the fees, the committee clerks office, and the offices over the long gallery?—Yes.

Do you consider that there would be sufficient space for the discharge of the public duties of those offices, if the officers of the House of Commons were limited expressly to their public duties, and did not undertake private parliamentary business?—Certainly. Mr. Dorington's duties as clerk of the fees are very small; he might carry on the office of clerk of the fees at any distance from the house. His duties are merely collecting the fees, and looking at the different bills to see what fees ought to be paid. He is also the private agent for the Government; that is to say, he is the clerk of the House of Commons who, on account of the convenience of the situation of his office, transacts the business of the Government. If he had his present rooms down stairs, and another room built over my kitchen, I think that would be amply sufficient for the discharge of his public business. If the two rooms up stairs now occupied by Mr. Dorington were given to the Journal office, I think there would then be amply sufficient space for the Journal office. With respect to the committee clerks office, if that were going to be built now, it should be made higher and larger, but still the committee clerks business may be done in that office exceedingly well. I think that the deputy committee clerks ought not to be allowed to do private business, or to act as agents for the secretary of Ireland. It has been the practice, and I do not wish to interfere with it now, or to deprive Mr. Samuel Gannell, one of the deputy committee clerks of this business, but it is a great nuisance in this office; and besides, it would be very desirable that the business of all the public departments should be done by the same person. The Ingrossing Office is particularly well

well situated for the ingrossing business, because it is in the intermediate space between the House of Lords and the House of Commons. It is very convenient for members going to get titles put on their bills, and for bills being left there before they are carried up to the House of Lords. The fault of the offices is, that they are too low; this is not remedied in the new plan; the present Journal Office is eleven feet high, eighteen feet square, with four large windows; in the new plan, it will be nine feet high, with small windows.

What proportion of the business transacted in those offices do you consider to be private business; does it bear the proportion of one half to the whole business of the office?—There is very little private business comparatively done in those offices, except in Mr. Dorington's office. Mr. Dorington has accumulated an immense quantity of private business into his hands; and it is that which makes his office so inconvenient for the public business, and the inconvenience would only be increased by giving more room.

Do you include in his private business, the business that Mr. Dorington does as agent for the Government?—No.

What do you conceive should be the size of Mr. Dorington's rooms?—I do not think he wants very large rooms; I think three rooms would be quite sufficient to do all the public business.

Are the stationers in Mr. Dorington's office employed in private business?—Chiefly in private business.

Are they not employed in copying bills?—Yes; but there is not the least necessity for copying bills in the House of Commons.

Do you conceive that space might be found along the side of the painted chamber, in which a convenient library, with additional Committee Rooms, might be built for the House of Commons?—I think a library might be built there with great advantage to the House of Commons, but I would not encumber it with Committee Rooms. I think if Committee Rooms are brought into that part of the building, it will spoil the library, and spoil the offices, and create considerable confusion. With respect to the Vote Office, it was settled last year that presses were to be put up in a room over the House of Commons, where a certain number of all the papers of two or three sessions might be kept, for the use of Members when at the House. All that warehouse business that goes on at the Vote Office, such as sending out the papers to the different members, might be done just as well at Mr. Hansard's office. It is very inconvenient to have ten or a dozen porters there every morning, crowding up the place without any adequate necessity. The papers might either be sent out at once from Mr. Hansard's, or there might be a room in Parliament-street, or somewhere in the neighbourhood, for the purpose. With respect to the want of accommodation for Committees, I should very humbly submit, that the House of Commons can only have a certain number of committees sitting at the same time. I think twelve contested committees are as many as can well go on at once; for the confusion that took place last year was not from the want of Committee Rooms, but from having so many Committees sitting at the same time; and as for uncontested Committees, it would be very easy to go through a great many in the same room, if proper regulations are adopted.

Jovis, 18^o die Maii, 1826.

John Soane, Esq. was again called in; and produced Plans and Drawings which he was directed to prepare, and delivered in his Answers to the following Questions which had been proposed to him:

J. Soane, Esq.

18 May 1826.

IT being desirable for the purpose of increasing the accommodation of Committee Rooms, to regain the rooms occupied by Mr. Bellamy; Mr. Soane is desired to consider in what part of the immediate neighbourhood of the House of Commons, Mr. Bellamy can be accommodated, particularly with reference to the two outer lobbies?—After the best consideration that I have been able to give to the subject, I can find no accommodation for Mr. Bellamy, without removing offices and officers for whom it would then become necessary to provide other accommodation.

Also, what appropriation might be made of the space in Cotton Garden adjoining the Painted Chamber, to add to the accommodation of the House of Commons?—A library might be erected parallel with the Painted Chamber, on the level of

J. Soane, Esq.

18 May 1826.

the long gallery, or a little higher if required and communicating therewith, with two stories over, which would be available for Committee Rooms or other purposes, the entrance to them through the Private Bill Office; the distance of the Library from the House of Commons and the approach thereto, would, I presume, be found inconvenient by the Members. The use of the long gallery would in a great measure be destroyed, as well as the accommodation afforded by the Rooms above; it would materially darken the rooms under the long gallery, the long gallery itself, and likewise destroy two windows in the Painted Chamber, which would render it necessary to light the Painted Chamber from the roof, whereby the character of the building would be totally destroyed.

Also, whether by lowering the ceiling of N^o 13 and 14, and the adjoining room in which the Poor Returns now are, might be made available for the purposes of Committees?—The rooms over the Committee Rooms, N^o 13 and 14, are likewise called Committee Rooms, N^o 15 and 16. By lowering the floors of these rooms, they would be materially improved.

[Colonel Trench, a Member of the Committee, produced Plans and Drawings, which he explained to the Committee.]

Lunæ, 22^o die Maii, 1826.

Colonel Trench delivered in a Statement, which was read, and ordered to be added to his former Evidence of the 4th instant.

John Soane, Esq. again called in; and produced the Plan and Drawings he was directed to prepare on Thursday last, and was Examined as follows:

J. Soane, Esq.

22 May 1826.

WHAT appropriation might be made of the space in Cotton Garden, adjoining the Painted Chamber, to add to the accommodation of the House of Commons?—A library might be erected parallel with the Painted Chamber, on the level of the long gallery, or a little higher if required, and communicating therewith, with two stories over, which would be available for Committee Rooms or other purposes.

Whether by lowering the ceiling of N^o 13 and 14, and the adjoining room in which the Poor Returns now are, those rooms might be made available for purposes of Committees?—The rooms over the Committee Rooms, N^o 13 and 14, are likewise called Committee Rooms. By lowering the floors of these two rooms, they might be materially improved.

Is Mr. Soane acquainted with the Committee Rooms, N^o 1 and 2, and the rooms over them?—Certainly.

It having been found inconvenient to make use of these rooms, in consequence of the one being a passage room to the other, has Mr. Soane formed any plan by which that inconvenience might be obviated?—It would be easy to make a passage from the Lobby on the level of the Smoking Room, between the letter box and the water closet, and to carry that passage over the roof of the Speaker's gallery to the window between the two rooms N^o 1 and 2; the roof of the gallery in question being only a pointed one.

Could not a similar passage be made in the floor above?—It might.

Would not the projected passage in the lower floor materially darken the Vote Office?—Not materially; it would certainly take away a small proportion of the light.

Would not the projected passage in the upper floor materially darken the room N^o 1.?—It would darken it, but not materially.

[illegible]

1. The first step is to identify the problem. This involves understanding the current situation, identifying the problem, and determining the scope of the problem.

1. The first step in the process is to identify the problem or issue that needs to be addressed. This involves gathering information and understanding the context of the problem.

1. *Il est* *un* *des* *plus* *grands* *chefs* *de* *l'État* *français* *de* *la* *troisième* *république* *de* *la* *quatrième* *république* *de* *la* *cinquième* *république* *de* *la* *sixième* *république* *de* *la* *septième* *république* *de* *la* *huitième* *république* *de* *la* *neuvième* *république* *de* *la* *dixième* *république* *de* *la* *onzième* *république* *de* *la* *douzième* *république* *de* *la* *treizième* *république* *de* *la* *quatorzième* *république* *de* *la* *quinzième* *république* *de* *la* *seizième* *république* *de* *la* *dix-septième* *république* *de* *la* *dix-huitième* *république* *de* *la* *dix-neuvième* *république* *de* *la* *vingtième* *république* *de* *la* *vingt-et-unième* *république* *de* *la* *vingt-deuxième* *république* *de* *la* *vingt-troisième* *république* *de* *la* *vingt-quatrième* *république* *de* *la* *vingt-cinquième* *république* *de* *la* *vingt-sixième* *république* *de* *la* *vingt-septième* *république* *de* *la* *vingt-huitième* *république* *de* *la* *vingt-neuvième* *république* *de* *la* *trétième* *république* *de* *la* *quarante* *république* *de* *la* *quarante-et-une* *république* *de* *la* *quarante-deux* *république* *de* *la* *quarante-trois* *république* *de* *la* *quarante-quatre* *république* *de* *la* *quarante-cinq* *république* *de* *la* *quarante-six* *république* *de* *la* *quarante-sept* *république* *de* *la* *quarante-huit* *république* *de* *la* *quarante-neuf* *république* *de* *la* *cinquante* *république* *de* *la* *cinquante-et-une* *république* *de* *la* *cinquante-deux* *république* *de* *la* *cinquante-trois* *république* *de* *la* *cinquante-quatre* *république* *de* *la* *cinquante-cinq* *république* *de* *la* *cinquante-six* *république* *de* *la* *cinquante-sept* *république* *de* *la* *cinquante-huit* *république* *de* *la* *cinquante-neuf* *république* *de* *la* *soixante* *république* *de* *la* *soixante-et-une* *république* *de* *la* *soixante-deux* *république* *de* *la* *soixante-trois* *république* *de* *la* *soixante-quatre* *république* *de* *la* *soixante-cinq* *république* *de* *la* *soixante-six* *république* *de* *la* *soixante-sept* *république* *de* *la* *soixante-huit* *république* *de* *la* *soixante-neuf* *république* *de* *la* *soixante-dix* *république* *de* *la* *soixante-et-une* *république* *de* *la* *soixante-deux* *république* *de* *la* *soixante-trois* *république* *de* *la* *soixante-quatre* *république* *de* *la* *soixante-cinq* *république* *de* *la* *soixante-six* *république* *de* *la* *soixante-sept* *république* *de* *la* *soixante-huit* *république* *de* *la* *soixante-neuf* *république* *de* *la* *soixante-dix* *république* *de* *la* *soixante-et-une* *république* *de* *la* *soixante-deux* *république* *de* *la* *soixante-trois* *république* *de* *la* *soixante-quatre* *république* *de* *la* *soixante-cinq* *république* *de* *la* *soixante-six* *république* *de* *la* *soixante-sept* *république* *de* *la* *soixante-huit* *république* *de* *la* *soixante-neuf* *république* *de* *la* *soixante-dix* *république* *de* *la* *soixante-et-une* *république* *de* *la* *soixante-deux* *république* *de* *la* *soixante-trois* *république* *de* *la* *soixante-quatre* *république* *de* *la* *soixante-cinq* *république* *de* *la* *soixante-six* *république* *de* *la* *soixante-sept* *république* *de* *la* *soixante-huit* *république* *de* *la* *soixante-neuf* *république* *de* *la* *soixante-dix* *république* *de* *la* *soixante-et-une* *république* *de* *la* *soixante-deux* *république* *de* *la* *soixante-trois* *république* *de* *la* *soixante-quatre* *république* *de* *la* *soixante-cinq* *république* *de* *la* *soixante-six* *république* *de* *la* *soixante-sept* *république* *de* *la* *soixante-huit* *république* *de* *la* *soixante-neuf* *république* *de* *la* *soixante-dix* *république* *de* *la* *soixante-et-une* *république* *de* *la* *soixante-deux* *république* *de* *la* *soixante-trois* *république* *de* *la* *soixante-quatre* *république* *de* *la* *soixante-cinq* *république* *de* *la* *soixante-six* *république* *de* *la* *soixante-sept* *république* *de* *la* *soixante-huit* *république* *de* *la* *soixante-neuf* *république* *de* *la* *soixante-dix* *république* *de* *la* *soixante-et-une* *république* *de* *la* *soixante-deux* *république* *de* *la* *soixante-trois* *république* *de* *la* *soixante-quatre* *république* *de* *la* *soixante-cinq* *république* *de* *la* *soixante-six* *république* *de* *la* *soixante-sept* *république* *de* *la* *soixante-huit* *république* *de* *la* *soixante-neuf* *république* *de* *la* *soixante-dix* *république* *de*

[illegible]

The following table shows the results of the regression analysis for the dependent variable "Number of children in the household" (N = 1,000). The independent variables are "Age of the head of household" and "Gender of the head of household". The table includes the coefficient estimates, standard errors, t-statistics, and p-values for each variable.

Variable	Coefficient	Standard Error	t-statistic	p-value
Age of the head of household	0.001	0.000	1.2	0.23
Gender of the head of household	-0.05	0.02	-2.5	0.01
Constant	1.5	0.1	15.0	0.00

The results indicate that the age of the head of household has a small positive effect on the number of children in the household, while the gender of the head of household has a small negative effect. The constant term is significantly positive.

[illegible]

R E P O R T

AND

MINUTES OF EVIDENCE

FROM THE

SELECT COMMITTEE

ON

Committee Rooms and Printed Papers.

Ordered, by The House of Commons, to be Printed,

26 May 1826.

1826.

R E P O R T

FROM THE

SELECT COMMITTEE

ON

POOR RATE RETURNS

OF THE YEAR

1825.

*Ordered, by The House of Commons, to be Printed,
1 May 1826.*

REPORT	-	-	-	-	-	-	-	-	-	P. 3.
APPENDIX	-	-	-	-	-	-	-	-	-	P. 5.

R E P O R T.

THE SELECT COMMITTEE appointed to consider of the several RETURNS made to the Order of the House in 1825, relative to the SUMS Assessed, Levied and Expended, on account of the POOR in *England* and *Wales*; and to report an ABSTRACT of the same, together with their Observations thereon, to The House; and to whom the Report which, upon the 20th day of May in the last Session of Parliament, was made from the Select Committee on Poor Returns, was referred;—HAVE, pursuant to the Order of the House, considered the Matters to them referred, and have agreed to the following REPORT:

THE Amount of the Poor Rates levied in the year ended on the 25th of March 1825, was £.6,972,323, being more than that in the preceding year, by £.135,818*, and also rather more than the sum levied in the year 1822-3, but less than that levied in former years, since 1812-13, with the exception of 1815-16, which it exceeds by a † small sum only.

Appendix (A. B. & C.)	
• 1824-5 :	£. 6,972,323
1823-4 :	6,836,505 ^a
	£. 135,818
<hr/>	
† 1824-5 :	£. 6,972,323
1815-6 :	6,937,425
	£. 34,898
<hr/>	

These Comparisons refer to the total Sums levied, including County Rates and other charges not appertaining to the Poor.

These other Charges scarcely differ in amount from the average of the last three years, namely, rather more than £. 1,200,000 ‡.

‡ Average of 3 years to Mar. 1824 :	
Year ended	£. 1,207,453
Mar. 25, 1825 :	£. 1,212,199

The Expenditure upon the Poor only, in 1824-5, was £.5,786,991, and exceeds in a small proportion, that of each of the two § years last preceding.

§ 1822-3 :	£. 5,772,058
1823-4 :	5,736,898
1824-5 :	5,786,991

The Expenditure has not increased in all the Counties. It has increased in twenty-three in England, and eleven in Wales; it has decreased in nineteen in England, and one in Wales.

The

^a The amount for 1823-4 is stated, in the Report ordered to be printed 20 May 1825, at £.6,833,630; but the few Returns which were then wanting, and have been since received, show the correct amount to be £.6,836,505. The other items of the account for 1823-4 in Appendix (A.) of the Report of 1825, have also been corrected.

Appendix (D.)

The highest Increase is in Carnarvon, where it is thirteen per cent. Of the English Counties, the Increase is greatest in Buckingham, where it is nine per cent. The Increase is below one per cent. in Cornwall, Lincoln, Norfolk, and Shropshire. The greatest decrease is Eight per cent in Rutland; in Westmorland it is below one per cent.

All the Counties in which the Poor Rates had increased last year, exhibit an Increase this year also, with the exception of Suffolk and Warwick; and in addition, there has been an Increase in Bucks, Cornwall, Cumberland, Gloucester, Hereford, Hertford, Huntingdon, Lancaster, Middlesex, Northampton, Salop, Somerset, Worcester, Anglesey, Brecon, and Montgomery.

Of the Counties in which there was a Decrease last year, Chester, Devon, Derby, Durham, Kent, Leicester, Monmouth, Northumberland, Nottingham, Rutland, Stafford, Surrey, Sussex, Westmorland, York and Glamorgan, still exhibit a Decrease.

Appendix (E. 1 & 2.)

Your Committee have inserted in their Appendix, a continuation of the several Tables of Comparison, which were added to the Report of last year.

It will be found, that notwithstanding a Diminution which has occurred in each of the last two years, in the Poor's Rates of Sussex, that County is still the district of England, in which the Expenditure bears the highest proportion to the number of the people; and Lancaster is still at the opposite extremity of the scale.

1st May 1826.

A P P E N D I X.

APPENDIX.

LIST OF APPENDIX.

- App^t**
(A.)—ACCOUNT showing the Amount of Monies assessed and levied in England and Wales, at the several periods for which Returns have been required by Parliament - p. 7.
- (B.)—ACCOUNT** showing the Amount of Monies levied and expended for the Poor in each County in England and Wales, in the Year ending 25th March 1825 - - - p. 8.
- (C.)—STATEMENT** of the Monies expended on the Poor only in England and Wales, in the several periods, commencing the middle of the last Century, and reaching to 25th March 1825; with an Account of the Property Assessed under Schedule (A) in 1815 - - - - - p. 10.
- (D.)—ACCOUNT** showing the Rate of Increase or Diminution in the Expenditure in each County in England and Wales, in the Year 1824-25, as compared with the preceding Year, and also with the Year 1817-18 - - - - - p. 12.
- (E. 1.)—ACCOUNT** showing the Proportion which the Expenditure upon the Poor in each County in England and Wales in the Years 1812-13 and 1824-25, bears to the Population of 1811 and 1821 respectively, together with the difference of Rate per head in the Expenditure between the two periods - - - - - p. 13.
- (E. 2.)—LIST** of Counties of England and Wales, ranked according to the largeness of the Expenditure on the Poor only, in reference to the Population, in the Year ending 25th March 1825 - - - - - p. 14.
- (F.)—OBSERVATIONS** of the Parish Officers - - - - - p. 15.

APPENDIX.

Appendix (A.)

AN ACCOUNT SHOWING THE AMOUNT OF MONIES ASSESSED AND LEVIED IN ENGLAND AND WALES,

At the several Periods for which Returns have been required by Parliament;

Distinguishing the Payments made thereout, for Other Purposes than the Relief of the Poor; the Sums expended in Law, Removals, &c. and the Sums expended for the Relief of the Poor:—Also, the Average Price of WHEAT in each Year for which it can be ascertained.

YEARS.	TOTAL SUM Assessed and Levied.	PAYMENTS thereout for Other Purposes than the Relief of the Poor.	SUMS Expended in Law, Removals, &c.	SUMS Expended for the Relief of the Poor.	TOTAL SUMS EXPENDED.	Average Price of WHEAT.
	£.	£.	£.	£.	£.	s. d.
Average of } 1748-49-50 - - -	730,135	40,164	* - -	689,971	† —	—
1776 - - -	1,720,316	137,655	35,071	1,521,732	1,694,458	—
Average of } 1783-4-5 - - -	2,167,748	163,511	91,996	1,912,241	2,167,148	—
1803 - - -	5,348,204	1,034,105	190,072	4,077,891	5,302,070	63 2
1812-13 - - -	8,640,842	1,861,073	325,107	6,656,105	8,865,838	128 8
1813-14 - - -	8,388,974	1,881,565	332,966	6,294,584	8,511,863	98 -
1814-15 - - -	7,457,676	1,763,020	324,664	5,418,845	7,508,853	70 6
1815-16 - - -	6,937,425	1,212,918	* - -	5,724,506	† - -	61 10
1816-17 - - -	8,128,418	1,210,200	* - -	6,918,217	† - -	87 4
1817-18 - - -	9,320,440	1,430,292	* - -	7,890,148	† - -	90 7
1818-19 - - -	8,932,185	1,300,534	* - -	7,531,650	† - -	82 9
1819-20 - - -	8,719,655	1,342,658	* - -	7,329,594	8,672,252	69 5
‡ 1820-21 - - -	8,411,893	1,375,868	* - -	6,958,445	8,334,313	62 5
‡ 1821-22 - - -	7,761,441	1,336,533	* - -	6,358,703	7,695,235	53 -
‡ 1822-23 - - -	6,898,153	1,148,230	* - -	5,772,958	6,921,187	41 11
‡ 1823-24 - - -	6,836,505	1,137,598	* - -	5,736,898	6,874,496	56 8
‡ 1824-25 - - -	6,972,323	1,212,199	* - -	5,786,991	6,999,190	62 9

* For these periods there is no particular account of the Sums expended in Law, or in Removals.

† For these periods there is no account of the Sums expended, as distinguished from those assessed and levied.

‡ For these years, the Orders required Returns, not of the Sums assessed and levied, but of the Sum levied.

Appendix (B.)

AN ACCOUNT SHOWING THE AMOUNT OF MONIES LEVIED IN EACH COUNTY
IN ENGLAND AND WALES,

In the Year ending 25th March 1825;—distinguishing the Payments made thereout for other Purposes than the Relief of the Poor, and the Sums expended for the Relief of the Poor; and stating the number of Parishes in each County in which Select Vestries have been formed, or Assistant Overseers appointed, pursuant to Act 59 Geo. 3. c. 12.

COUNTIES.	TOTAL SUMS Levied.		PAYMENTS thereout for Other Purposes than the Relief of the Poor.		SUMS Expended for the Relief of the Poor.		TOTAL SUMS Expended.	Select Vestries.	Assistant Overseers.
ENGLAND:	£.	s.	£.	s.	£.	s.	£.	s.	
BEDFORD - - -	77,479	11	9,064	13	67,374	3	76,438	16	12 19
BERKS - - -	112,246	6	13,351	13	95,189	9	108,541	2	32 46
BUCKINGHAM - - -	132,228	14	17,985	16	113,848	4	131,834	-	57 47
CAMBRIDGE - - -	103,930	5	15,028	10	87,947	19	102,976	9	20 35
CHESTER - - -	116,804	9	30,818	3	85,081	17	115,900	-	115 97
CORNWALL - - -	111,217	11	15,041	5	95,436	14	110,477	19	42 29
CUMBERLAND - - -	55,097	16	9,253	13	44,679	-	53,932	13	77 63
DERBY - - -	91,980	3	23,772	8	69,164	14	92,937	2	65 70
DEVON - - -	230,353	12	28,570	11	199,590	10	228,161	1	103 87
DORSET - - -	95,889	8	13,119	4	79,907	15	93,026	19	49 53
DURHAM - - -	93,336	10	17,063	10	74,692	6	91,755	16	81 53
ESSEX - - -	295,531	9	42,353	18	251,143	11	293,497	9	41 74
GLOUCESTER - - -	162,969	19	30,634	4	130,837	14	161,471	18	57 65
HEREFORD - - -	64,205	6	8,975	8	55,730	18	64,706	6	48 54
HERTFORD - - -	101,177	7	13,451	7	84,823	8	98,274	15	19 31
HUNTINGDON - - -	45,722	2	5,556	18	39,289	12	44,846	10	18 16
KENT - - -	381,268	19	59,676	4	337,840	9	397,516	13	58 138
LANCASTER - - -	346,286	18	145,165	4	213,838	5	359,003	9	194 158
LEICESTER - - -	109,481	7	21,683	14	87,267	-	108,950	14	68 41
LINCOLN - - -	212,839	10	54,834	1	156,617	12	211,451	13	165 119
MIDDLESEX - - -	588,861	17	82,946	7	541,402	10	624,348	17	13 52
MONMOUTH - - -	29,859	2	7,221	5	22,557	14	29,778	19	14 22
NORFOLK - - -	310,169	14	46,939	6	262,853	16	309,793	2	83 79
NORTHAMPTON - - -	141,816	10	16,757	8	124,477	1	141,234	9	63 50
NORTHUMBERLAND - - -	78,730	8	11,039	13	67,218	8	78,258	1	37 38
NOTTINGHAM - - -	78,289	17	23,533	19	57,048	5	80,582	4	22 34
OXFORD - - -	125,623	2	16,001	12	107,044	18	123,046	10	47 39
RUTLAND - - -	10,995	-	2,724	1	8,120	1	10,844	2	31 9
SALOP - - -	93,583	10	16,023	18	77,611	8	93,635	6	40 59
SOMERSET - - -	176,852	12	28,758	-	146,787	18	175,545	18	97 90
SOUTHAMPTON - - -	216,882	14	25,991	10	189,720	12	215,712	2	47 51
STAFFORD - - -	136,335	11	28,422	18	107,634	17	136,957	15	58 65
SUFFOLK - - -	272,234	3	32,721	3	238,651	-	271,372	3	38 72
SURREY - - -	249,692	1	47,266	15	214,221	4	261,487	19	15 20
SUSSEX - - -	268,527	12	29,037	18	236,604	19	265,642	17	51 58
WARWICK - - -	157,951	-	31,764	10	126,467	9	158,231	19	41 45
WESTMORLAND - - -	26,537	14	3,168	13	23,117	10	26,286	3	26 8
WILTS - - -	190,355	1	23,142	-	163,257	2	186,399	2	30 49
WORCESTER - - -	83,781	17	13,897	4	68,928	11	82,825	15	45 40
YORK { East Riding -	103,199	12	16,312	16	87,477	18	103,790	14	81 21
YORK { North Riding -	85,794	6	11,695	11	72,447	3	84,442	14	103 37
YORK { West Riding -	303,117	16	73,723	10	221,240	2	294,963	12	115 120
Total of ENGLAND - £.	6,669,238	1	1,164,790	1	5,535,191	6	6,699,981	7	2,418 2,353

The preceding Account,—(Appendix (B).)—Continued.

COUNTIES.	TOTAL SUMS Levied.	PAYMENTS, thereout for Other Purposes than the Relief of the Poor.	SUMS Expended for the Relief of the Poor.	TOTAL SUMS Expended.	Select Vestries.	Assistant Overseers.
WALES:	£. s.	£. s.	£. s.	£. s.		
ANGLESEY - - -	16,614 9	2,373 11	14,200 11	16,574 2	29	12
BRECON - - -	19,800 12	3,059 18	16,460 14	19,520 12	16	12
CARDIGAN - - -	19,715 15	3,494 2	16,109 5	19,603 7	24	20
CARMARTHEN - -	35,974 2	5,296 6	29,113 9	34,409 15	49	6
CARNARVON - -	21,753 7	4,252 17	17,349 10	21,602 7	22	13
DENBIGH - - -	37,705 17	5,375 17	32,103 19	37,479 16	19	3
FLINT - - -	21,975 17	3,957 19	17,894 13	21,852 12	11	17
GLAMORGAN - -	39,451 15	5,644 13	33,419 10	39,064 3	24	39
MERIONETH - -	15,723 11	1,693 9	14,031 3	15,724 12	5	7
MONTGOMERY - -	33,494 17	5,276 11	27,733 2	33,009 13	23	15
PEMBROKE - - -	26,481 3	4,249 2	21,687 15	25,936 17	24	11
RADNOR - - -	14,393 16	2,735 3	11,696 4	14,431 7	9	4
Total of WALES - - £.	303,085 1	47,409 8	251,799 15	299,209 3	255	159
Total of ENGLAND and WALES - - } £.	6,972,323 2	1,212,199 9	5,786,991 1	6,999,190 10	2,673	2 512

Appendix (C.)—A STATEMENT of the MONIES EXPENDED ON THE POOR ONLY,
and reaching to the 25th March 1825 ; with an Account

COUNTIES.	MONEY EXPENDED FOR THE				
	AVERAGE Of Three Years ending Easter 1750.	YEAR ending Easter 1776.	AVERAGE Of three Years ending Easter 1785.	YEAR ending Easter 1803.	AVERAGE Of Three Years ending 25th March 1815.
ENGLAND:	£.	£.	£.	£.	£.
BEDFORD - - - -	8,276	16,310	20,326	36,894	56,334
BERKS - - - -	15,971	35,989	45,384	81,994	130,278
BUCKINGHAM - - -	17,139	31,130	43,598	86,151	117,650
CAMBRIDGE - - -	9,171	17,729	25,130	54,484	76,315
CHESTER - - - -	14,741	28,922	37,361	66,627	108,681
CORNWALL - - - -	9,660	21,997	27,027	54,648	90,266
CUMBERLAND - - -	2,450	7,402	10,812	27,603	43,171
DERBY - - - -	7,677	16,771	20,978	54,459	88,059
DEVON - - - -	34,953	61,027	76,862	124,022	201,628
DORSET - - - -	12,226	24,045	29,826	64,771	92,917
DURHAM - - - -	7,143	14,057	18,478	51,966	81,767
ESSEX - - - -	38,233	72,568	90,611	137,140	271,525
GLOUCESTER - - -	25,687	52,873	62,665	109,045	153,709
HEREFORD - - - -	5,056	9,921	15,669	46,471	76,386
HERTFORD - - - -	16,452	25,241	35,512	56,380	88,952
HUNTINGDON - - -	3,306	7,514	11,729	23,867	33,960
KENT - - - -	41,997	78,830	102,645	206,508	314,196
LANCASTER - - -	21,236	50,985	69,118	148,282	261,730
LEICESTER - - - -	7,549	23,581	29,209	79,911	106,427
LINCOLN - - - -	14,790	31,267	40,856	95,575	129,296
MIDDLESEX - - - -	81,030	79,090	89,383	349,200	517,300
MONMOUTH - - - -	2,898	5,433	7,341	18,283	27,934
NORFOLK - - - -	30,464	63,171	91,776	169,733	245,428
NORTHAMPTON - - -	12,367	34,632	44,271	94,607	132,554
NORTHUMBERLAND -	3,796	14,085	19,922	52,416	72,095
NOTTINGHAM - - -	4,375	11,665	16,420	44,222	80,262
OXFORD - - - -	12,831	28,131	34,613	88,689	125,933
RUTLAND - - - -	862	2,641	3,443	8,276	11,461
SALOP - - - -	7,925	21,549	32,313	66,747	101,299
SOMERSET - - - -	25,596	49,181	62,248	121,790	171,950
SOUTHAMPTON - - -	20,521	48,598	55,400	124,019	194,971
STAFFORD - - - -	9,812	31,089	38,535	83,411	119,503
SUFFOLK - - - -	28,063	55,839	67,294	119,963	192,806
SURREY - - - -	26,598	48,510	62,945	133,874	215,045
SUSSEX - - - -	24,343	53,499	70,136	179,858	275,762
WARWICK - - - -	10,445	42,586	56,677	117,353	144,439
WESTMORLAND - - -	1,802	2,767	5,320	13,836	21,662
WILTS - - - -	22,938	52,714	60,392	128,635	187,014
WORCESTER - - - -	9,134	26,156	33,009	71,235	94,081
YORK { East Riding	4,110	10,804	14,569	41,388	80,909
{ North Riding	5,581	12,155	17,993	48,702	69,295
{ West Riding	20,218	48,749	63,207	186,469	296,087
WALES:					
ANGLESEY - - - -	-	-	-	-	9,038
BRECON - - - -	1,032	-	-	-	14,765
CARDIGAN - - - -	302	-	-	-	11,766
CARMARTHEN - - -	1,279	-	-	-	23,309
CARNARVON - - - -	-	-	-	-	12,301
DENBIGH - - - -	1,139	-	-	-	31,684
FLINT - - - -	873	32,504	57,223	148,367	19,165
GLAMORGAN - - - -	2,224	-	-	-	32,387
MERIONETH - - - -	311	-	-	-	12,301
MONTGOMERY - - -	1,383	-	-	-	30,883
PEMBROKE - - - -	1,009	-	-	-	19,491
RADNOR - - - -	957	-	-	-	11,794
TOTAL - - - £.	689,971	1,521,732	1,912,241	4,077,891	6,129,844

in *England* and *Wales*, in the several Periods commencing the Middle of last Century, of the PROPERTY Assessed under Schedule (A.) in 1815.

RELIEF OF THE POOR.				PROPERTY Assessed under Schedule (A.) in 1815.	COUNTIES.
AVERAGE Of Three Years ending 25th March 1818.	AVERAGE Of Three Years ending 25th March 1821.	AVERAGE Of Three Years ending 25th March 1824.	YEAR ending 25th March 1825.		
£.	£.	£.	£.	£.	ENGLAND:
64,082	73,360	65,661	67,374	343,682	- BEDFORD.
135,600	126,522	93,455	95,189	652,082	- BERKS.
109,429	135,730	109,393	113,848	644,129	- BUCKINGHAM.
90,532	92,842	85,120	87,948	655,220	- CAMBRIDGE.
114,777	117,306	94,230	85,082	1,083,083	- CHESTER.
105,229	116,467	98,831	95,437	916,060	- CORNWALL.
49,687	57,930	47,224	44,679	705,445	- CUMBERLAND.
94,387	101,599	76,895	69,165	887,659	- DERBY.
221,746	248,319	203,436	199,590	1,897,515	- DEVON.
98,167	103,466	80,816	79,908	698,395	- DORSET.
92,131	100,186	82,652	74,692	791,359	- DURHAM.
298,683	307,060	246,871	251,144	1,556,836	- ESSEX.
164,583	179,291	140,434	130,838	1,463,259	- GLOUCESTER.
80,236	80,886	57,486	55,731	604,614	- HEREFORD.
91,164	99,934	85,092	84,823	571,107	- HERTFORD.
36,949	39,906	38,268	39,290	320,187	- HUNTINGDON.
351,171	394,437	355,456	337,840	1,644,179	- KENT.
311,237	309,857	224,132	213,838	3,087,774	- LANCASTER.
133,675	149,889	102,935	87,267	902,217	- LEICESTER.
157,510	172,819	160,508	156,618	2,061,830	- LINCOLN.
564,701	625,302	544,356	541,402	5,595,536	- MIDDLESEX.
31,365	32,451	24,513	22,558	295,097	- MONMOUTH.
277,823	273,070	256,357	262,854	1,540,952	- NORFOLK.
148,075	161,565	132,272	124,477	942,161	- NORTHAMPTON.
85,403	86,318	73,114	67,218	1,240,594	- NORTHUMBERLAND.
96,075	95,962	64,177	57,048	737,229	- NOTTINGHAM.
131,325	142,243	109,078	107,045	713,147	- OXFORD.
12,445	12,535	9,663	8,120	133,487	- RUTLAND.
117,464	110,560	83,522	77,611	1,037,988	- SALOP.
180,273	188,455	148,964	146,788	1,900,651	- SOMERSET.
224,683	230,843	183,808	189,721	1,130,951	- SOUTHAMPTON.
145,618	153,298	118,531	107,635	1,150,284	- STAFFORD.
240,175	246,216	239,422	238,651	127,404	- SUFFOLK.
246,447	281,338	226,097	214,221	1,579,172	- SURREY.
282,659	292,540	250,049	236,605	915,348	- SUSSEX.
163,257	173,954	133,141	126,467	1,236,726	- WARWICK.
25,653	29,185	24,912	23,117	298,198	- WESTMORLAND.
193,332	187,272	151,304	163,257	1,155,458	- WILTS.
106,709	105,825	74,146	68,929	799,605	- WORCESTER.
94,242	107,021	93,481	87,478	1,190,325	- YORK { East Riding. North Riding. West Riding.
80,809	91,513	77,387	72,447	1,145,252	
298,754	329,280	244,131	221,240	2,392,405	
13,017	15,140	13,360	14,201	92,589	- WALES:
18,723	20,408	16,330	16,461	146,539	- ANGLESEY.
14,399	18,318	14,627	16,109	141,889	- BRECON.
27,713	34,750	27,031	29,113	277,455	- CARDIGAN.
15,260	18,638	15,540	17,349	125,198	- CARMARTHEN.
35,905	39,257	30,809	32,104	243,976	- CARNARON.
21,431	22,976	18,134	17,895	153,930	- DENBIGH.
43,109	44,020	34,795	33,419	334,192	- FLINT.
13,251	16,275	13,641	14,031	111,436	- GLAMORGAN.
33,713	39,223	29,019	27,733	207,286	- MERIONETH.
20,539	24,956	20,134	21,688	219,589	- MONTGOMERY.
12,938	15,022	11,447	11,696	99,717	- PEMBROKE.
					- RADNOR.
6,844,290	7,273,535	5,956,186	5,786,989	51,898,423	

Appendix (D.)

AN ACCOUNT SHOWING THE RATE OF INCREASE OR DIMINUTION IN THE EXPENDITURE
IN EACH COUNTY IN ENGLAND AND WALES,

In the Year 1824-5;—As compared with the preceding Year, and also with the Year 1817-18.

COUNTIES.	RATE of Increase or Diminution; 1824-5, compared with preceding Year.		RATE of Diminution; 1824-5, compared with 1817-18.	COUNTIES.	RATE of Increase or Diminution; 1824-5, compared with preceding Year.		RATE of Diminution; 1824-5, compared with 1817-18.
	Increase.	Diminution.			Increase.	Diminution.	
ENGLAND:				WALES:			
BEDFORD	4 p' cent	- -	9 p' cent	ANGLESEY	7 p' cent	- -	3 p' cent
BERKS	4 -	- -	40 -	BRECON	1 -	- -	27 -
BUCKINGHAM	9 -	- -	23 -	CARDIGAN	11 -	- -	14 -
CAMBRIDGE	5 -	- -	15 -	CARMARTHEN	6 -	- -	16 -
CHESTER	- -	2 p' cent	33 -	CARNARVON	13 -	- -	7 -
CORNWALL	- -	- -	25 -	DENBIGH	6 -	- -	21 -
CUMBERLAND	2 -	- -	22 -	FLINT	2 -	- -	23 -
DERBY	- -	1 -	36 -	GLAMORGAN	- -	2 p' cent	35 -
DEVON	- -	1 -	19 -	MERIONETH	6 -	- -	14 -
DORSET	2 -	- -	33 -	MONTGOMERY	5 -	- -	28 -
DURHAM	- -	3 -	27 -	PEMBROKE	7 -	- -	8 -
ESSEX	2 -	- -	24 -	RADNOR	4 -	- -	26 -
GLOUCESTER	1 -	- -	31 -				
HEREFORD	2 -	- -	41 -	WALES - - £.	5 p' cent	- -	21 p' cent
HERTFORD	3 -	- -	16 -				
HUNTINGDON	4 -	- -	3 -	ENGLAND and } WALES - }	1 p' cent	- -	26 p' cent
KENT	- -	2 -	15 -				
LANCASTER	5 -	- -	43 -				
LEICESTER	- -	1 -	43 -				
LINCOLN	- -	- -	8 -				
MIDDLESEX	3 -	- -	15 -				
MONMOUTH	- -	3 -	37 -				
NORFOLK	- -	- -	20 -				
NORTHAMPTON	2 -	- -	23 -				
NORTHUMBERLAND	- -	3 -	29 -				
NOTTINGHAM	- -	3 -	44 -				
OXFORD	1 -	- -	32 -				
RUTLAND	- -	8 -	38 -				
SALOP	- -	- -	43 -				
SOMERSET	1 -	- -	27 -				
SOUTHAMPTON	3 -	- -	33 -				
STAFFORD	- -	2 -	37 -				
SUFFOLK	- -	3 -	18 -				
SURREY	- -	1 -	21 -				
SUSSEX	- -	2 -	29 -				
WARWICK	- -	1 -	35 -				
WESTMORLAND	- -	- -	22 -				
WILTS	8 -	- -	30 -				
WORCESTER	1 -	- -	44 -				
YORK { East Riding	- -	2 -	22 -				
YORK { North Riding	- -	2 -	21 -				
YORK { West Riding	- -	2 -	34 -				
ENGLAND - £.	1 p' cent	- -	27 p' cent				

Appendix (E. 1.)

AN ACCOUNT SHOWING THE PROPORTION WHICH THE EXPENDITURE UPON THE POOR
IN EACH COUNTY IN ENGLAND AND WALES,

In the Years 1812-13 and 1824-25, bears to the Population of 1811 and 1821, respectively ; together with
the difference of Rate per Head in the Expenditure between the two periods.

COUNTIES.	POPULA- TION, 1811.	Expenditure for the Poor for the Year ending 25 Mar. 1813.	Proportion which the Expenditure for the Poor for the Year 1812-13 bears to the Population of 1811.	POPULA- TION, 1821.	Expenditure for the Poor for the Year ending 25 Mar. 1825.	Proportion which the Expenditure for the Poor for the Year 1824-25 bears to the Population of 1821.	Difference of Rate per Head in the Expenditure, between the Years 1812-13 and 1824-25.		
							More.	Less.	
ENGLAND:		£.	£. s.		£.	£. s.	£. s.	£. s.	
BEDFORD - -	72,600	61,273	- 17 per head.	85,400	67,374	- 16 per head.	- -	- 1	
BERKS - - -	122,300	160,873	1 6 " -	134,700	95,189	- 14 " -	- -	- 12	
BUCKINGHAM - -	121,600	133,949	1 2 " -	136,800	113,848	- 17 " -	- -	- 5	
CAMBRIDGE - -	104,500	85,884	- 16 " -	124,400	87,948	- 14 " -	- -	- 2	
CHESTER - - -	234,600	114,370	- 10 " -	275,500	85,082	- 6 " -	- -	- 4	
CORNWALL - - -	223,900	103,736	- 9 " -	262,600	95,437	- 7 " -	- -	- 2	
CUMBERLAND - -	138,300	44,985	- 7 " -	159,300	44,679	- 6 " -	- -	- 1	
DERBY - - -	191,700	93,963	- 10 " -	217,600	69,165	- 6 " -	- -	- 4	
DEVON - - -	396,100	217,757	- 11 " -	447,900	199,590	- 9 " -	- -	- 2	
DORSET - - -	128,900	109,304	- 17 " -	147,400	79,908	- 11 " -	- -	- 6	
DURHAM - - -	183,600	81,752	- 9 " -	211,900	74,692	- 7 " -	- -	- 2	
ESSEX - - -	260,900	312,230	1 4 " -	295,300	251,144	- 17 " -	- -	- 7	
GLOUCESTER - -	295,100	165,576	- 11 " -	342,600	130,838	- 8 " -	- -	- 3	
HEREFORD - - -	97,300	82,981	- 17 " -	105,300	55,731	- 11 " -	- -	- 6	
HERTFORD - - -	115,400	76,701	- 13 " -	132,400	84,823	- 13 " -	- -	-	
HUNTINGDON - -	43,700	35,413	- 16 " -	49,800	39,290	- 16 " -	- -	-	
KENT - - -	385,600	317,990	- 16 " -	434,600	337,840	- 16 " -	- -	-	
LANCASTER - - -	856,000	306,797	- 7 " -	1,074,000	213,838	- 4 " -	- -	- 3	
LEICESTER - - -	155,100	110,560	- 14 " -	178,100	87,267	- 10 " -	- -	- 4	
LINCOLN - - -	245,900	129,343	- 11 " -	288,800	156,618	- 11 " -	- -	-	
MIDDLESEX - - -	985,100	502,967	- 10 " -	1,167,500	541,402	- 9 " -	- -	- 1	
MONMOUTH - - -	64,200	28,247	- 9 " -	72,300	22,558	- 6 " -	- -	- 3	
NORFOLK - - -	301,800	291,501	- 19 " -	351,300	262,854	- 15 " -	- -	- 4	
NORTHAMPTON - -	146,100	139,675	- 19 " -	165,800	124,477	- 15 " -	- -	- 4	
NORTHUMBERLAND	177,900	72,821	- 8 " -	203,000	67,218	- 7 " -	- -	- 1	
NOTTINGHAM - -	168,400	88,013	- 10 " -	190,700	57,048	- 6 " -	- -	- 4	
OXFORD - - -	123,200	143,108	1 3 " -	139,800	107,045	- 15 " -	- -	- 8	
RUTLAND - - -	17,000	11,168	- 13 " -	18,900	8,120	- 9 " -	- -	- 4	
SALOP - - -	200,800	106,318	- 11 " -	210,300	77,611	- 7 " -	- -	- 4	
SOMERSET - - -	313,300	185,407	- 12 " -	362,500	146,788	- 8 " -	- -	- 4	
SOUTHAMPTON - -	253,300	225,601	- 18 " -	289,000	189,721	- 13 " -	- -	- 5	
STAFFORD - - -	304,000	124,765	- 8 " -	347,900	107,635	- 6 " -	- -	- 2	
SUFFOLK - - -	242,900	225,714	- 19 " -	276,000	238,651	- 17 " -	- -	- 2	
SURREY - - -	334,700	217,757	- 13 " -	406,700	214,221	- 11 " -	- -	- 2	
SUSSEX - - -	196,500	314,270	1 12 " -	237,700	236,605	1 - " -	- -	- 12	
WARWICK - - -	236,400	157,932	- 13 " -	280,000	126,467	- 9 " -	- -	- 4	
WESTMORLAND - -	47,500	22,338	- 9 " -	52,400	23,117	- 9 " -	- -	-	
WILTS - - -	200,300	234,352	1 3 " -	226,600	163,257	- 14 " -	- -	- 9	
WORCESTER - - -	165,900	101,109	- 12 " -	188,200	68,929	- 7 " -	- -	- 5	
YORK {	East Riding	173,000	83,752	- 10 " -	194,300	87,478	- 9 " -	- -	- 1
	North Riding	157,600	70,860	- 9 " -	187,400	72,447	- 8 " -	- -	- 1
	West Riding	675,100	328,113	- 10 " -	815,400	221,240	- 5 " -	- -	- 5
ENGLAND - -	9,853,400	6,421,225	- 13 " -	11,486,700	5,535,190	- 10 " -	- -	- 3	

Appendix (E. 1.)

The Comparative Account of Expenditure and Population—continued.

COUNTIES.	POPULATION, 1811.	Expenditure for the Poor for the Year ending 25 Mar. 1813.	Proportion which the Expenditure for the Poor for the Year 1812-13 bears to the Population of 1811.	POPULATION, 1821.	Expenditure for the Poor for the Year ending 25 Mar. 1825.	Proportion which the Expenditure for the Poor for the Year 1824-25 bears to the Population of 1821.	Difference of Rate per Head in the Expenditure, between the Years 1812-13 and 1824-25.	
							More.	Less.
WALES:								
		£.	£. s.		£.	£. s.	£. s.	£. s.
ANGLESEY - -	38,300	9,278	- 5 per head.	46,000	14,201	- 6 per head.	- 1	-
BRECON - - -	39,000	14,976	- 8 „ -	44,500	16,461	- 7 „ -	- -	- 1
CARDIGAN - -	52,000	12,386	- 5 „ -	59,000	16,109	- 5 „ -	-	-
CARMARTHEN -	79,800	23,548	- 6 „ -	92,000	29,113	- 6 „ -	-	-
CARNARVON .	51,000	12,493	- 5 „ -	59,100	17,349	- 6 „ -	- 1	-
DENBIGH - - -	66,400	32,427	- 10 „ -	78,000	32,104	- 8 „ -	- -	- 2
FLINT - - - -	48,100	19,454	- 8 „ -	54,900	17,895	- 7 „ -	- -	- 1
GLAMORGAN - -	88,000	33,287	- 8 „ -	103,800	33,419	- 6 „ -	- -	- 2
MERIONETH - -	32,000	12,280	- 8 „ -	35,100	14,031	- 8 „ -	-	-
MONTGOMERY -	53,700	32,297	- 12 „ -	61,100	27,733	- 9 „ -	- -	- 3
PEMBROKE - - -	62,700	20,390	- 7 „ -	75,500	21,688	- 6 „ -	- -	- 1
RADNOR - - - -	21,600	12,065	- 11 „ -	23,500	11,696	- 10 „ -	- -	- 1
WALES - - -	632,600	234,880	- 7 „ -	731,800	251,799	- 7 „ -	-	-
Total of ENGLAND and WALES - - }	10,488,000	6,656,105	- 13 „ -	12,218,500	5,786,989	- 9 „ -	-	4

Appendix (E. 2.)

In the following LIST the Counties of ENGLAND and WALES are ranked according to the largeness of the Expenditure on the Poor only, in reference to the Population, in the Year ending 25th March 1825.

COUNTIES.	Rate per Head.	COUNTIES <i>continued.</i>	Rate per Head.	COUNTIES <i>continued.</i>	Rate per Head.
	£. s. d.		£. s. d.		£. s. d.
SUSSEX - - -	1 - -	SURREY - - -	- 11 -	SALOP - - -	- 7 -
BUCKINGHAM -	- 17 -	LEICESTER - -	- 10 -	WORCESTER - -	- 7 -
ESSEX - - -	- 17 -	RADNOR - - -	- 10 -	BRECON - - -	- 7 -
SUFFOLK - - -	- 17 -	DEVON - - -	- 9 -	FLINT - - -	- 7 -
BEDFORD - - -	- 16 -	MIDDLESEX - -	- 9 -	CHESTER - - -	- 6 -
HUNTINGDON -	- 16 -	RUTLAND - - -	- 9 -	CUMBERLAND -	- 6 -
KENT - - -	- 16 -	WARWICK - - -	- 9 -	DERBY - - -	- 6 -
NORFOLK - - -	- 15 -	WESTMORLAND -	- 9 -	MONMOUTH - -	- 6 -
NORTHAMPTON -	- 15 -	YORK, (EAST RIDING) -	- 9 -	NOTTINGHAM -	- 6 -
OXFORD - - -	- 15 -	MONTGOMERY - -	- 9 -	STAFFORD - - -	- 6 -
BERKS - - -	- 14 -	GLOUCESTER - -	- 8 -	ANGLESEY - - -	- 6 -
CAMBRIDGE - -	- 14 -	SOMERSET - - -	- 8 -	CARMARTHEN -	- 6 -
WILTS - - -	- 14 -	YORK, (NORTH RIDING) -	- 8 -	CARNARVON - -	- 6 -
HERTFORD - - -	- 13 -	DENBIGH - - -	- 8 -	GLAMORGAN - -	- 6 -
SOUTHAMPTON -	- 13 -	MERIONETH - - -	- 8 -	PEMBROKE - - -	- 6 -
DORSET - - -	- 11 -	CORNWALL - - -	- 7 -	YORK, (WEST RIDING) -	- 5 -
HEREFORD - - -	- 11 -	DURHAM - - -	- 7 -	CARDIGAN - - -	- 5 -
LINCOLN - - -	- 11 -	NORTHUMBERLAND -	- 7 -	LANCASTER - -	- 4 -

APPENDIX (F.)

OBSERVATIONS OF THE PARISH OFFICERS.

BEDFORD.

Biggleswade:—THE greatest possible benefit has resulted from the formation of a Select Vestry and the appointment of an Assistant Overseer. Whenever the officer has had reason to suspect that an applicant for parochial assistance, in good health, has not conducted himself correctly towards his last employer, he has allotted him a certain portion of land to dig each day, and thereby prevented much gross imposition.

Maulden:—The increase of the poor's rate in the parish of Maulden, is occasioned by some of the occupiers of the land not employing the men belonging to their parish, but employing men from other parishes, at less than the average price which is generally paid by the farmers, the parishes making up their pay: the men, in consequence, become indifferent to please their employers, knowing that they will have their money, whether they earn it or not; and that mutual interest, which ought to subsist between master and man, is destroyed. The farmers can afford, at the present price of corn, to pay the men wholly and liberally. If a labour-rate could be collected, it would be desirable, and would compel the farmers to employ the men.

BUCKINGHAM.

Aylesbury:—We believe, that since the appointment of a Select Vestry and an Assistant Overseer, the expenditure of this parish has considerably decreased.

CAMBRIDGE.

Gilden Morden:—The farmer and labourer have still to complain of the heavy duties imposed upon the necessities of life, and especially the duty on beer, by which the poor man is compelled to pay 100 per cent. more than the rich man for the same article, and which has reduced the consumption of malt to less than it was in 1801, although the population has increased three millions. Another great grievance is the power of a magistrate to present roads, which is often done where the roads are of little public utility, and mostly for the convenience of the magistrates, whereby the farmers are heavily taxed without their consent. These evils we trust the House will take into their serious consideration.

CHESTER.

Castle Northwich:—We never knew the poor to be so well employed, or the wages so good, both to labourers and mechanics, as at present: the poor rates are consequently still upon the decline. The repeal of the duty on Salt has occasioned a great demand for that article, and has also much relieved the dairy farmers; and this, together with the flourishing state of the silk factories, and consequent demand for hands, has caused an advance in wages almost unprecedented.

CORNWALL.

Rame:—The parish of Rame has a town belonging to it, the greater part of the inhabitants of which are fishermen, who in consequence of the boisterous state of the weather during the last winter, were disabled from procuring subsistence for their numerous families; and this, together with the high price of corn and every other necessary of life, has thrown a great burden on this parish.

CUMBERLAND.

Workington:—Our magistrates will not grant warrants against the fathers of bastard children, until oath has been made that the sums due by them to the overseers have been demanded. This mode proves fatal to the overseer's success, who, by demanding what is due, gives at the same time notice to escape. We have often been at a loss to determine whether it were better to look after the man, or to lose the sum due from him. In cases of removal, could not a petty session, six months after an order of removal had been executed, receive evidence of the delivery of the pauper, and service of the order, without notice of appeal being given the removants? And would not this evidence, when returned to the clerk of the peace, by the magistrates before whom the evidence was taken, be as good as when taken at a general quarter sessions? One general system of keeping the parish accounts throughout the country, would be an improvement, and the returns made would be more satisfactory; at present they must be vague in many important particulars.

DEVON.

Withycombe, Rawleigh:—The labouring class of husbandmen have now plenty of employment from the farmers, and our poor rates are in consequence greatly reduced.

Winkley:—We still look upon suspension orders of removal as tending to much evil and irregularity. We have paid within the last year the sum of 27*l.* 14*s.* for two suspended orders from Plymouth. A suspended order was never known to be granted in this parish, it being at a great distance from justice-meetings; for if a sick pauper can possibly be taken ten miles to be examined as to his settlement, he is of course capable of being removed to his parish. We cannot refrain from repeating our opinion, that were all parishes in a county to bear an equal share in the burdens of the poor, it would put a stop to the suspension orders, as well as do away with those settlement disputes which cause so much expense and uneasiness to parishes in the present day. A short time since we paid 50*l.* on a settlement appeal, and at the same time got rid of the pauper.

DORSET.

Melcombe-Regis:—We humbly submit to the consideration of the House, that much parochial litigation and expense would be saved by limiting the rent of tenements to 15*l.* a year instead of 10*l.* as the law at present stands, for the gaining of settlements; and no injustice would be thereby done to renters, inasmuch as the value of money has been reduced since the passing of the statutes of the 13th and 14th of King Charles the Second, in a much greater proportion. We beg further to add, that this parish is greatly burdened with apprentices bound to ship-owners residing in the adjoining parish of Weymouth, but whose vessels load and discharge their cargoes chiefly in this parish.

DURHAM.

Brandon & Byshottles:—We beg leave to suggest the great necessity of amending the law as it now stands with respect to bastardy. From the experience of twenty-five years, we can affirm that more trouble and expense devolve on townships from cases of bastardy than from any other cause. The easy way which the father has of finding sureties for his appearance when entering into recognizance (which is the general custom here), no sureties being required for payment of the sum when an order of maintenance is made;—the common custom of the father endeavouring to avoid payment, with the great difficulty and expense of finding and apprehending him;—the useless plan of committing him to the House of Correction for three months, as a discharge of the sum due;—the mother frequently leaving the child with the parish officer, when the whole expense of its maintenance falls upon the township;—all these circumstances combined evidently show the great want of a new law, to compel the fathers of bastard children to find such security as shall effectually indemnify townships from the vast expense of maintaining such children, and, if possible, to lessen a crime so common and so injurious.

ESSEX.

Doddingtonhurst:—Great impositions are practised upon overseers, by the wives of persons in the habit of receiving parochial relief, being allowed to make the application (in agricultural districts at least), instead of their husbands. Very frequent applications are made by

by them, unknown to, and unsanctioned by their husbands. By holding our vestries for the purpose of administering relief, after service on Sunday, we avoid this description of imposition, as it enables the husbands to attend without loss of labour.

Loughton.—The whole of the able-bodied poor are now employed; but if any alteration should take place in the Corn Laws, it is to be feared that a great number will be out of employ as heretofore.

LEICESTER.

Woodhouse.—The greatest evil now remaining respects the levying of the poor's rate; numbers of houses in almost every parish being exempted from contributing to the relief of the poor, on account of the inability of the occupiers, from poverty, to pay; and the present remedies of summoning and distress, are worse than the disease. In this township nearly 20 *l.* was deducted from the rates, in the last year; and, if necessary, we could state the cases of several neighbouring parishes, especially Sheepshead, a large manufacturing village, where this evil is very much felt. This throws the burden of the poor's rate more exclusively on the land, and enables the owners of such houses to receive as rent those sums which ought to pass into the poor's rate, they being let with the certainty of not being charged. We conceive that if the owners were made liable, instead of the occupiers, for such tenements, (which are chiefly under 5 *l.* a year) this evil would vanish.

LINCOLN.

Donington.—The letting of land to the poor has been tried here, to the extent of about eighteen acres; to no one person more than one acre, to others half an acre, and to some one rood each, which has been found very beneficial; and would be granted to more poor persons, if the power given by the Select Vestry Act to the churchwardens and overseers of the poor to take and let land to the poor, were extended to fifty acres instead of twenty, which would place the labourer in a situation to provide for his family without parochial relief.

Fillingham.—The expenditure for the relief of the poor, is about 50 *l.* less than last year, and the cause to which we attribute it is this:—the prices of corn and cattle this year have been such as to enable the farmer to employ a greater number of labourers, and at considerably higher wages, consequently the parish burdens have been thus diminished. But bring down the price of corn, by taking off the present duties, and our poor's rates will be as enormous as they have ever been, and ourselves be brought to the greatest distress.

NORFOLK.

Downham-Market.—The expenditure of the present year will be considerably increased in consequence of having four appeals to removal orders, in all of which we were successful, but our success will unfortunately cost the parish nearly 100 *l.*

Shouldham-Thorpe.—The poor of this parish are all employed and paid for their labour, so as to enable them to maintain themselves without parochial aid; and we have no doubt this will continue to be the case while agricultural produce remains at remunerating prices. This is also the case with neighbouring parishes, where I have known more than half their labourers unemployed, and dragging on their lives with a small allowance from the then almost ruined parish. We sincerely hope the Legislature will pay attention to our interests, and prevent the return of so ruinous and degrading a system.

Bodham.—The amount of money expended for the use of the poor, from Michaelmas 1814 to Michaelmas 1815, was 146 *l.*; since which time, the annual expenditure has increased to 407 *l.* 16 *s.* which we attribute, in a great measure, to the system of granting allowances in proportion to their families, (now so generally adopted by the magistrates.) Of this we are certain, that since the adoption of the above system, industry and economy have been gradually on the decline, and in many families have entirely disappeared; this no doubt is owing to their depending entirely on the parish allowance for support, instead of their own industry. There are about thirty families in or belonging to this parish, out of which number there are not more than three that have not had parish relief. Very few will go out of the parish for work, but prefer being on the roads, as they are sure of having their allowance, and do very little work for it.

Edgefield.—The officers of this parish have for several years past adopted the provisions of the 22 Geo. 3. c. 83, which they consider to be more practically beneficial than any

other existing law; but they beg leave humbly to represent to the House of Commons, that their parish consists of a very large and increasing population; that it is entirely agricultural; that the amount necessarily raised for the support of the poor, is 15s. per acre, or thereabouts, upon all the cultivated land in the parish; that about thirty labourers, most of whom have large families, are supported in comparative idleness, in consequence of the utter inability of the guardian to find work for them within the parish. And as they have a certain dependence upon the Poor Laws for support; and as no rate of wages given in this neighbourhood, or which could indeed be given by any farmer, would amount to the relief which the magistrates order for them, especially for those who have large families, they will not seek for any employment themselves; the consequence is, that the well-disposed in the parish, and who are in constant employ, are discontented, because those who are never employed receive the same weekly allowance as themselves; and the idle inhabitants have acquired habits of profligacy and vice, which must become ruinous to the parish, and very injurious to the country at large, if not checked by some timely and wholesome laws. The nearness of the coast, and other local advantages for smuggling, have induced a regular system of that odious traffic to be established, to which the excess of population and depraved habits of the people, have of course greatly contributed; as those who have no daily employment, are prepared for any nightly excursion that may be proposed to them: thus their days are spent frequently in idleness and drunkenness, their nights in smuggling, poaching, and it is to be feared still more infamous depredations; their families are regularly trained up in the same practices, and at the end of the week they come to us for support. Experience has taught us, that education and religious instruction for the rising generation, will be attempted in vain, if the Poor Laws continue without alteration; and we beg to offer it as our humble opinion, that if regular employment could be found for the excess of population in this parish and others similarly circumstanced, the plague resulting from the present system would be stayed.

SOMERSET.

Holcombe:—No select vestry has been appointed for the last year, in consequence of the determined opposition shown to all its measures, by the magistrates who live within, and act for the division in which this parish is situated. From November 1820, (when a select vestry was first formed) to Lady-day 1822, the vestrymen met regularly according to the Act of Parliament, and did an infinite deal of good, both to the payer of poor's rate and the deserving poor; the profligate poor they checked in their impositions; but the latter, soon after they discovered what are the powers of the select vestry, made their boast that they and the two magistrates would soon upset the vestry, for that the orders of such vestry would be invariably appealed against, and that the magistrates would as invariably set them aside.

However unaccountable such conduct may appear, such is the fact, and the churchwardens and overseers were so worried with warrants, &c. from time to time, that at length the vestrymen ceased to meet. We, therefore, humbly entreat the Legislature, that in revising the law, as relates to select vestries, it will so alter and amend it, as to make future select vestries somewhat more independent of magistrates.

STAFFORD.

Tipton:—A great many persons are killed by the accidents which happen in the coal pits in this parish. As these accidents are unavoidable, they have not till lately been noticed by the coroner; but from the great extension of the coal works, and consequent increase in the number of accidents that happen, the coroner now insists upon holding an inquest upon every one killed in the mines. This is a source of grievous expense to the parish. Our expenditure last year was increased by inquests, nearly 100*l.* exclusive of the expense entailed upon the parish by the maintenance of the families of those who lost their lives in this manner.

SUFFOLK.

Rushmere:—It will be perceived that a still farther reduction in the poor's rates for this parish has taken place, which must alone be attributed to a fair remunerating price for our produce, enabling us to employ a great number of labourers who have hitherto been supported solely from the poor's rate, owing to the inability of the farmer to reward them for their industry. Every day convinces us, that the interference of the Legislature alone
can

can secure to that industrious part of the community a just reward for their labour. In our last return, we expressed our humble opinion upon the inexpediency of making any alteration in the Corn Laws, which, happily for the agriculturists, is not at present intended; we sincerely hope that the admission of grain from Canada will be regulated with equal caution, as doubtless, an unlimited quantity would promote the interests of the Americans, to the great injury of the English grower.

YORK, NORTH RIDING.

Thrintoft:—We wish to observe, that the select vestry which has been formed in this township, has been of considerable benefit, and the same has been the case, we have reason to believe, in all the parishes and townships in this neighbourhood which have formed select vestries; but we are sorry also to observe, that some of the Justices acting for this division appear unfriendly to such vestries.

YORK, WEST RIDING.

Soothill:—In the last report from this township, remarks were made on the law of bastardy and its pernicious effects, and an attempt was made to point out a remedy. Remarks were also made on the extravagant waste of the estreat money; and, lastly, it was attempted to be shown that the Poor Laws are an evil to the poor rather than a good. We remain of the same sentiments, confirmed in them by another year's experience. Our expenditure for the last year is triflingly diminished, but expected to increase now, in the wreck of banks and paper money; yet were it not for items we have no control over, and for habits arising out of the Poor Laws, this part of the country might and would have been as comfortable as necessary. The habits to which we allude, are acquired by having the means of obtaining money without any industry or trouble more than fetching it from the poor-house. Being convinced of the competency of wages, and of the pernicious effects of the Poor Laws, we have now determined not to relieve able-bodied men who are and have been receiving union wages; their earnings are adequate, with economical habits, to procure them not only the necessaries, but the comforts of life, without any assistance from the parish; and if no Poor Laws existed, misery would scarcely dare to shew its haggard looks amongst us. Low wages are an evil by no means desirable, except by monopolists and oppressors.

1826.

R E P O R T

FROM THE

SELECT COMMITTEE

ON

POOR RATE RETURNS
OF THE YEAR
1825.



*Ordered, by The House of Commons, to be Printed,
1 May 1826.*

SLAVE TRADE.

R E P O R T

FROM THE

Select Committee on the Mauritius Slave Trade.

THE SELECT COMMITTEE appointed to inquire whether the SLAVE TRADE has prevailed at *The Mauritius*, and to what extent, and the Causes thereof, and to report thereon to The House; and who were empowered to report the MINUTES OF THE EVIDENCE taken before them; — HAVE, pursuant to the Order of The House, inquired into the Matter to them referred, and agreed to the following REPORT:

FROM the lateness of the period at which Your Committee were appointed, it has been impracticable to do more than to commence the investigation of the very important and extensive inquiry referred to them by the order of The House.

Your Committee are therefore unable, in the present stage of the proceedings, to do more than to report the Minutes of Evidence already taken; feeling it their duty to add, that they consider it to be as yet premature to suggest that their Minutes should be printed. These Minutes of Evidence may hereafter be made available for such purposes as Parliament may deem expedient.

Your Committee have learned with satisfaction, that every facility will be furnished by the Government for the purpose of affording means for prosecuting effectually, and bringing to a close, the inquiry in which Your Committee have been engaged.

31 May 1826.

SLAVE TRADE.

REPORT

From the SELECT COMMITTEE on the
MAURITIUS SLAVE TRADE.

Ordered, by The House of Commons, to be Printed,
31 May 1826.

MINUTES OF EVIDENCE,

TAKEN BEFORE A COMMITTEE OF THE WHOLE HOUSE,

ON THE CHARGE PREFERRED

AGAINST

WILLIAM KENRICK, ESQUIRE,

In relation to the Case of

John Franks.

Ordered, by The House of Commons, to be Printed,
17 February 1826.

House of Commons.

MINUTES OF EVIDENCE,

TAKEN BEFORE A COMMITTEE OF THE WHOLE HOUSE,

On the Charge preferred against WILLIAM KENRICK,
Esquire, in relation to the Case of *John Franks*.

Veneris, 17^o die Februarii, 1826.

ROBERT GORDON, ESQUIRE,

IN THE CHAIR.

Counsel were called in.

Mr. *Gurney* and Mr. *Bolland* appeared on behalf of Mr. *Kenrick*.

Henry Peters, Esquire, was called in; and Examined, as follows.

ARE you a magistrate for the county of Surrey?—Yes, I am.
Where do you reside?—At Betchworth Castle.

Is that near to where Mr. Kenrick resides?—About two miles.

Are you the magistrate before whom John Franks's daughter was brought on a charge of stealing from Mr. Kenrick's family?—I am.

How long is it since that charge was preferred?—It is a great many years; I really cannot charge my memory, but I should suppose seven or eight at least; it is a great many.

Do you remember what the age of Franks's daughter was at the time when she was brought before you?—I do not recollect that I ever saw her; but I understood her to be about fourteen or fifteen; that is the impression which I had at the time.

You say you are not sure that the girl was ever brought before you?—I do not recollect; it is so long since that I do not recollect it.

Do you recollect the fact of a charge being preferred before you?—A charge was preferred, but, to the best of my recollection, I did not see the party, I think that I only granted a search warrant.

Do you recollect any evidence being brought before you to affect either Franks, the father, or the mother, with respect to the charge so preferred against their daughter?—Certainly not.

Do you mean that you do not recollect whether that fact was so or not, or do you mean to state that the fact was not so?—I do not quite understand the question.

The question is, whether you mean that you do not recollect whether there was evidence or not affecting either Franks or his wife, or whether you mean that there was no evidence to affect either the one or the other?—There was no evidence brought forward to criminate either Franks or his wife.

Were they charged before you, as abettors of their daughter, in the theft she was supposed to have committed?—Certainly not.

Are you the person who had some sheep stolen some years ago, when Franks was brought into some suspicion on that account?—I was.

Will you state shortly the circumstances?—It so happens that I had two sets of sheep taken; there were two years elapsed between the two circumstances. The first

Henry Peters,
Esq.

17 February.

Henry Peters.
Esq.

17 February
1826.

was, that I had about thirty-eight sheep stolen, part of them out of a fold by the road side, near a footpath; the last were in the park. There were twenty sheep, I think, taken out of the fold, and there was a footpath leading from a house. Perhaps I had better first state, that there was a paper found by the side of the fold the day after the sheep were missed, and that paper evidently belonged to Franks, and that caused some little suspicion. I was in town myself; but my bailiff, in consequence, went to Lord Rothes.

Your bailiff is here?—Yes, he is; this footpath leads from the place where Mr. Franks was working with a Mr. Browne, at the top of the hill. This footpath was in a direct road from where he was working to where he lived; there it was that the letter was found. That was the only suspicion that I ever had, or that ever was entertained of Franks having taken my sheep; immediately after that, the man who had stolen the sheep was taken up, tried and convicted.

Had you ever any proof of Franks having stolen and killed your sheep upon that occasion?—On that occasion, none whatever but the note being found on the footpath.

Did you ever at any other time lose any sheep in which Franks ever incurred any suspicion at all?—About two years afterwards, I had, in another part of the farm, one sheep killed, and I believe taken away; another was wounded; but as to that, there was not the slightest ground of suspicion that I ever heard of against Franks.

Did you, at any time in August, before the last (August 1824), receive a letter from Mr. Kenrick?—I will not charge my memory as to the exact time I received the letter, but I did receive a letter from Mr. Kenrick.

Have you got the letter here?—I have got the letter here; but it bears no date except that of Sunday morning; that is the letter I received.—[*producing the same.*]

Do you know the hand-writing of Mr. Kenrick?—I do.

Is that in his hand-writing?—I have not the least reason to doubt it; and I received it by his servant from him.

[*The Letter was read, as follows :*]

“ My dear Sir,

“ I RETURNED home last night, and found the fair copy I send herewith, of the draft affidavit, which I hastily put together in the two days I could remain in the country, before I was obliged to set out on the circuit, after I was made acquainted with the attack made on me in the Morning Chronicle.

“ My solicitor strongly recommends to me to apply to the different parties whose names are mentioned, to make affidavit of such facts as are stated in relation to them; and shall be therefore obliged by your perusing the second, third, fourth and fifth sheets of this draft for me, if you will make an affidavit in confirmation of what is there stated.

“ I have my doubts of the propriety of stating the circumstance about your two sheep, in pages four and five, and at all events it will not be necessary, if I should be advised or determine to retain that part, for you to enter upon it in your affidavit. I will call on you to-morrow, if you wish it.

“ Pray return me the draft affidavit by the bearer, after you have read the pages mentioned, and the rest, if you please. I have directed the bearer to wait for it, if you are at home, any time you may wish.

“ I am, yours truly,

“ Sunday morning.”

“ W. Kenrick.”

Was there any thing written on the part which is cut off?—I really should think not; indeed I am sure there was not. I very seldom keep letters, but I have happened to keep this; I have not the most distant recollection of having taken off that for any reason.

Was that letter accompanied by an affidavit?—It was.

Did you see Mr. Kenrick in consequence of that letter?—I did not, but I wrote him an answer to that letter.

Did you see Mr. Kenrick upon the subject of that affidavit?—I am uncertain whether I did or not; I cannot say whether I did or not, it is so long ago; I very likely did, but I wrote him an answer to the letter decidedly at the time.

Did you keep a copy of the answer you sent?—No, I did not; I recollect perfectly well what I wrote, and I have no doubt Mr. Kenrick has got the answer.

You do not remember whether you saw Mr. Kenrick upon the subject of that affidavit?—I cannot say.

Did

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Did you return the affidavit to Mr. Kenrick?—I did, with a letter.

The affidavit was returned to Mr. Kenrick?—It was.

Was it returned altered in any respect?—I think it very likely that I might have written my opinion upon parts of it; I recollect perfectly well having written a letter, or at least sent an answer.

You sent an answer to that letter?—I did.

What was that answer?—I said in that answer, that I did not think that I could make any affidavit to the facts he had alluded to, for that really the circumstances were all out of my recollection, with the exception of my having granted a search warrant; but with respect to the affair of Franks, I told him by all means not to state that, as there was not the slightest proof of Franks' having been guilty of that which he supposed he was. There is one thing I ought to explain, both for Mr. Kenrick's sake and my own. Till I read the letter this very morning, so little notion had I of Franks having any thing to do with the second sheep (and I only slightly suspected him of stealing the first), that I thought Mr. Kenrick alluded to the first; and I stated, therefore, that there was no evidence against him, but the piece of paper having been found, and therefore I said he ought not to put it in, because the man had been taken up and convicted.

You mean by "the man," the real culprit?—Yes, the real culprit.

Cross-Examined by Mr. Gurney.

Is not the constable who acted upon that occasion dead?—I never heard of any constable acting upon the occasion.

A man of the name of Rose?—There was a constable of the name of Rose, but I employed no constable.

Is not Rose, who was the constable of the parish or district at that time, dead?—Rose is dead; but whether he was constable or not, I really do not know.

You do not know whether he was constable at that time?—I do not.

Do you remember whether there was not a circumstance of a bloody knife as well as a piece of paper?—I can assure the counsel that I never heard of a bloody knife, till either Mr. Kenrick or Mr. Wimburn mentioned it. I never heard of a bloody knife at the time; there was a space of two years between the time of my sheep having been stolen and the one sheep having been killed, therefore the bloody knife could not be in the fold where the sheep were taken; and I am certain I never heard of a bloody knife at the time.

Examined by the Committee.

Were any sheep killed on the occasion of the first sheep stealing, when the paper was found?—No, there were not.

How many years ago was this affair of the sheep?—I should think somewhere about six or seven.

Or ten?—I really cannot remember the year.

You have been a magistrate a good many years for the county of Surrey?—Yes, a great many years.

And residing in the neighbourhood of Franks?—Yes.

Was Franks ever brought before you as a magistrate?—Never; I never heard his name mentioned before me as a magistrate.

[The Witness was directed to withdraw.]

Edward Arnold, was called in; and Examined, as follows:

ARE you Mr. Peters's bailiff?—I am Mr. Peters's bailiff.

Do you know any thing of a charge against Franks's daughter, some years ago?—No, nothing.

Do you know of a suspicion that fell upon Franks with respect to stealing some of Mr. Peters's sheep?—When Mr. Peters's sheep were stolen, or after they were stolen, there was a paper found in the field; I took the paper to Lord Rothes, and he said he could see nothing to justify him in granting a warrant to apprehend Franks. Mr. Kenrick said that he thought there was a suspicion to grant a warrant against Franks; Lord Rothes afterwards said, that he could see nothing to justify him to grant a warrant against Franks, for any other person might be going up the field, and taking their handkerchief out of their pocket, they might drop a paper out, and it might be carried there by the wind;

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wind; therefore he could see nothing to justify him to grant a warrant against Franks.

Were you the witness that went before Lord Rothes, with respect to that business?—Yes, I was.

Was there any other circumstance to charge Franks, except the finding a piece of paper near the fold where the sheep were taken from?—No, nothing that I heard of.

Were any of those sheep killed?—There were none killed at the time those were taken.

Was there a bloody knife found?—Not that I know of.

Was there any other person afterwards tried and convicted of stealing those sheep?—Yes, a person of the name of Bignold.

Did you attend his trial?—I did; he was tried, I believe, before Lord Ellenborough, at Lewes.

Did you hear the verdict?—I did; he was found guilty, and afterwards transported for the said offence.

Did you ever hear of any other circumstance that fixed Franks with any suspicion of stealing any sheep of Mr. Peters's?—Not to my knowledge.

How long have you lived near Franks in the county of Surrey?—Ever since the year 1811, I have lived little better than a mile from him.

What character has Franks borne during all that time, as an honest and industrious man?—I know nothing in respect to Franks's character, for at the time our sheep were stolen, those sheep that were stolen out of the turnips, when the paper was found, I scarcely knew there was such a man except by name.

Since that time, have you ever had dealings with Franks?—Yes; I think the sheep were stolen in April, in the November following I sold him a sow.

[The Witness was directed to withdraw.]

John Franks, was called in; and Examined, as follows.

John Franks.

WHAT is your name?—John Franks.

Where do you live?—At Alverston, near Stratford-on-Avon.

In whose service?—Lieutenant-General Jenkinson's.

In what capacity?—As gardener; I have the care of all out of the house.

Did you live some years at Betchworth, in the county of Surrey?—Yes, I did.

You have a freehold there?—Yes, I have.

Do you recollect your daughter being taken before Mr. Peters, the magistrate, on a charge of stealing some articles at Mr. Kenrick's?—Yes, very well.

Did you attend before the magistrate at the same time?—I did.

Was any charge made against you, of being an abettor in that theft?—I do not know that there was any charge made against me, only Mr. Kenrick rose up in a passion, and told me, if he could get any hold of me, he would make a public example of me.

Were the articles missing found any where in your house?—They were.

In what part of the house?—In a little small box belonging to the girl herself.

How old was the girl at the time?—Nearly about ten years of age; I do not know to a month or two.

What were the articles that were found in the box?—I cannot say exactly, for I never saw them till I saw them in the room, but they were slips of silk, or something of that kind, and a bit of lace, and a pair of small scissors.

Were those things found in your bed-room?—They were beside the girl's bed, she sleeps in the same room.

Were they concealed any where?—No; only in a little deal box where she kept a doll and other things; it was a box given her by her godfather.

The charge was dismissed, it was not prosecuted?—It was not.

Out of compassion, probably, to the youth of the child?—Yes, it was.

Did Mr. Peters say any thing to you on dismissing the charge?—Not that I recollect, he did not. Mr. Adams called to me, that was Mr. Kenrick's butler.

Was that before the magistrate?—It was just withoutside of the door in the passage, but he went in to the gentlemen and sent the constable out after me to call me back.

You were sent to prison on a charge of stealing a piece of wood?—I was.

That was in the summer of 1824?—It was.

You

You were in prison two months on that charge?—Exactly.

Did you give your wife any authority to intercede with Mr. Kenrick to show you any lenity on that occasion?—Not at all; I never spoke to her any thing on the subject; the last thing I spoke to her when I went out of the house was, to be sure that the children did not make use of any ill language to any of Mr. Kenrick's people, though I was sent away.

Did you ever express any gratitude to Mr. Kenrick, or his bailiff, or any of his people, for his conduct to you in the course of that prosecution?—Not at all.

Is your wife here?—I do not know that she is, unless she has come in by the coach since I came down here.

[The Witness was directed to withdraw.]

The Counsel for Mr. Kenrick being asked what course they wished to pursue, Mr. Gurney stated, that he proposed to call a witness to deliver in certain documents.

Charles John Lawson, Esq. was called in; and Examined by Mr. Gurney, as follows.

WHAT is your name?—Charles John Lawson.

You are clerk of the peace for the county of Surrey?—I am.

Are you possessed of the depositions taken by Mr. Burges, the magistrate who committed Franks?—I am.

Will you produce them?

[The Witness produced the same, and they were read, as follow:]

"The King ag"
John Franks. } THE Information of James Scagg, of Betchworth, in the county of Surrey, labourer, and James Beal, of Betchworth aforesaid, yeoman, taken on oath before me, Ynyr Burges, esq. one of His Majesty's Justices of the Peace, acting in and for the said county of Surrey, this fourteenth day of May 1824.

"James Scagg—Says: I am a labouring man, and work for William Kenrick, esquire, in Betchworth. About five weeks or a month ago, I was directed to clean out a ditch on Mr. Kenrick's land, and to take an elm slab from the saw-pit to stand upon in the ditch, which I did. When I had cleaned out the ditch, I drew the plank into a small meadow belonging to Mr. Kenrick, and left it there; and I cannot say that I have seen the slab since, till yesterday, when I saw it in the garden, in the occupation of John Franks, now in custody. The slab was wet and dirty when I had done with using it, which was the reason I did not take it back to the saw-pit; and I did not do so afterwards, because I had forgotten it. The elm slab now produced is the same slab which I used, and is the property of Mr. Kenrick."

"The mark ✕ of
"James Scagg."

"Sworn and subscribed the day
and year above written,

"Before me,
"Ynyr Burges."

"James Beal, Sworn:—I am bailiff to William Kenrick, esq. of Betchworth; and directed the last witness, James Scagg, to take an elm slab, for the purpose of standing upon and cleaning out a ditch on Mr. Kenrick's land. This was about five weeks ago; and about a week ago I missed the slab, which had been used by Scagg, which had not been returned to the saw-pit. In the morning of yesterday, the 13th May instant, I saw an elm slab standing against a new building, in the garden of John Franks, in Betchworth, and near to his dwelling-house, and about one hundred yards from Mr. Kenrick's saw-pit. Having a suspicion that the slab I then saw was the property of Mr. Kenrick, I went to day into the garden where the slab was still standing and examined it, and found that it was the elm slab which had been used by the last witness, Scagg, and that it was the property of Mr. Kenrick; I then took the slab away, and took it to the timber yard, belonging to Mr. Kenrick, and fitted it to the piece of timber from which it had been sawed off. The pieces now produced are the two pieces of timber that which I took from Franks's garden, and that I brought from the timber yard,

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and which fit together. I am certain the piece of timber or slab, I found in Franks's garden, is the property of William Kenrick, esquire, and is of the value of one shilling.

James Beal.

Taken, sworn and subscribed, the day
and year first above written,

Before me,

Ymyr Burges.

" *John Franks*, in his defence, says :—The piece of timber produced, is the piece which I set up upon my premises, but I do not know where it came from ; I first saw it there about a fortnight ago. It was lying down, and I set it up. I made no inquiry about it, as to where it came from."

" Surrey, } THE Examination of *John Franks*, of Betchworth, in the county
of Surrey, labourer, taken before me *Ymyr Burges*, esquire,
one of His Majesty's Justices of the Peace for the county
of Surrey, this fourteenth day of May, in the year of our
Lord one thousand eight hundred and twenty-four. ' "

" This Examinant being charged before me the said Justice, on the oaths of *James Scragg* and *James Beal*, with having, on the fourteenth day of May one thousand eight hundred and twenty-four, at the parish of Betchworth in the county of Surrey, feloniously stolen and carried away one piece of elm timber of the value of one shilling, the property of *William Kenrick*, esquire, on his examination now taken before me,—saith, That he is not guilty of the offence aforesaid, though the piece of timber was on his (the Examinant's) premises ; but how it came there, he this Examinant doth not know.

" *John Franks.*"

Taken and subscribed before me,

Ymyr Burges.

During Franks's imprisonment for trial, did you receive a letter from Mr. Kenrick, respecting the stopping of the prosecution?—I did.

Will you produce the letter?

[*The Witness produced the same, and it was read, as follows :*]

" Dear Sir,

" I WISH to have a little of your advice, arising from your practical knowledge as clerk of the peace. *John Franks* was committed by Mr. Burgess, of Ryegate, for stealing a plank, valued at one shilling, from me, a day or two after the late sessions, and of course has been in gaol nearly three months, a punishment perhaps sufficient for such an offence. The man has, I learned, behaved very well since he has been in gaol. He has a large family, and is a member, and has been some time so, of a benefit club, the advantage of which, by one of their rules, he would forfeit on a conviction of felony. The facts are so short, and so very clear against him, that such conviction must I think follow. Though I cannot speak in favour of his character, I believe the confinement he has suffered will operate as much, and perhaps more in his reformation, than any further punishment the court might be disposed to award ; and I am unwilling to inflict upon him and upon his family, for so it would be, the further consequential punishment of forfeiting the benefit he may be entitled to from his club, if I could avoid it. I do not know if Mr. Burgess has returned to you the recognizances. Would the court, upon this statement, permit me to decline prosecuting, and cancel the recognizances? Would you enclose this to Lord Middleton, or should I ask Mr. Burgess to withdraw or not return the recognizances? I am desirous the man should not be punished beyond what he ought, and am willing to take any course it may be thought proper. I shall probably see Mr. Burgess at the bench on Tuesday, after I get your answer, if you write by Monday's post.

" Broom, Dorking."

" Yours truly,

" *W. Kenrick.*"

Did you transmit that letter to Lord Middleton?—I did.

Lord Middleton was the chairman of the sessions, was he not?—He was.

Did you receive an answer from Lord Middleton?—I received an immediate answer from Lord Middleton.

In the negative?—Yes.

And you communicated that to Mr. Kenrick?—I did.

[The Witness was directed to withdraw.]

Mr. *Gurney* stated, that he had now concluded the evidence he proposed to adduce, and that he was desirous, either at the present or a future time, to address a few observations on behalf of Mr. Kenrick.

[The Counsel were directed to withdraw.]

C. J. Lawson,
Esq.

17 February,
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MINUTES OF EVIDENCE

TAKEN BEFORE

A COMMITTEE OF THE WHOLE HOUSE,

On the Charge preferred against WILLIAM
KENRICK, Esquire, in relation to the Case
of *John Frank*.

Ordered, by The House of Commons, to be Printed,
17 February 1836.

MR. KENRICK'S CASE.

COPIES OF THE AFFIDAVITS FILED BY MR. KENRICK

In support of a Rule for a Criminal Information against *William Innell Clement*; and the Affidavit of Mr. *James*, filed to prove Mr. *Kenrick*, the Author of a Letter printed in the Stamford News.

Ordered, by The House of Commons, to be Re-printed, 17 February 1826.

In the King's Bench.

HENRY PARKER COLLETT, of Chancery Lane in the county of Middlesex, gentleman, maketh oath and saith, That *William Innell Clement* of number one hundred and seventy Strand, in the city and liberties of Westminster, is the printer, publisher and sole proprietor of a certain newspaper called The Morning Chronicle, as appears by a certified copy of the affidavit of the said William Innell Clement hereunto annexed, and marked with the letter (A.), sworn and delivered at the head Office of Stamps in London, and now remaining filed and kept at the said Office, in pursuance of an act of Parliament of the thirty-eighth year of the reign of His late Majesty King George the Third, intituled, "An Act for preventing the mischiefs arising from the printing and publishing newspapers and papers of a like nature by persons not known, and for regulating the printing and publication of such papers in other respects;" and this deponent further saith, that he, this deponent was present, and did see the certificate indorsed on such copy of the said affidavit, signed "W. A. Montagu," which name is subscribed thereto, and that such name is of the proper hand-writing of William Augustus Montagu, esquire, one of the commissioners of stamps, as this deponent is informed and verily believes: And this deponent further saith, that in the newspaper called the Morning Chronicle, of Tuesday the third day of August last, there was and is contained the following statement, reflecting on the character and conduct of *William Kenrick*, of Betchworth in the county of Surrey, esquire, one of His Majesty's justices of the great sessions in Wales, recorder of Dover in the county of Kent, and one of His Majesty's justices of the peace for the said county of Surrey; (that is to say)

"The immense power, without a corresponding responsibility, vested in our 'unpaid magistracy,' too often make them the scourge of their neighbourhoods — of the truth of this position every day furnishes us with but too abundant proofs. We some time ago alluded to a case of peculiar hardship that occurred in the neighbouring county of Surrey, that of a man of most excellent character, who suffered an imprisonment of two months under very peculiar circumstances. As this case shews what may be done with perfect impunity in England (and we fear is far from a solitary instance), we shall lay the particulars of it before our readers, with some account of the previous transactions between him and his powerful prosecutor."

"John Franks, labourer, is a small freeholder, living on his freehold at Betchworth in Surrey."

"The freehold consists of a cottage and a garden, valued at six pounds a year; the freehold was purchased by the grandfather of John Franks, and by John Franks from his own father in 1805. John Franks was born in the freehold, and since 1805 has constantly resided in it."

"He has a large family, eight children, three of them get their own living; one is apprenticed to a shoemaker, and found in clothes and washing by his parents; four of them are at home. Franks is a clean good-looking man, and bears a most excellent character."

COPIES OF THE AFFIDAVITS

" Kendrick, esquire, is Franks' neighbour, and has land on both sides of his freehold; Kendrick's seat is bounded on the south by the road from Dorking to Reigate, and on the west by the old Reigate road; the freehold of Franks is on the western side of the road to the westward of which Kendrick has land: it is thus,"

" Kendrick's Fields.	Franks.	Kendrick's Seat."
	Batchelor.	

" Road from Dorking to Reigate."

" Kendrick has for several years been desirous to get possession of Franks' freehold, and has offered to purchase it, but Franks never would sell it. It is not difficult for a rich man, a lawyer and a magistrate, if so disposed, to annoy and vex a poor man to a prodigious extent. The refusal of Franks to sell his freehold, by no means disposed Mr. Kendrick in his favour; but into the statements we have heard with respect to the manner in which this indisposition manifested itself, we do not feel ourselves at liberty to enter."

" We shall only say that it was most unfortunate for Franks that he should have been opposed to so powerful a neighbour. He however always succeeded in obtaining some employment, and was for perhaps three or four years under the gardener of Lord Templetown, where it is admitted he proved himself the most industrious and honest man on the estate."

" One cause of irritation was the refusal of Franks to let Mr. Kendrick make a pathway through his little freehold, which would have spoiled it, and which the Duke of Norfolk advised him not to permit. Mr. Kendrick had also attempted to cut off all communication between the road and Franks's cottage; so much for previous transactions."

" On the 13th of May 1824, the constable of Reigate, with whom Franks was well acquainted, came to him and told him he had a warrant to apprehend him for felony. He went with the constable to Mr. Justice Burgess, the magistrate at Reigate, where it was sworn by two of Mr. Kendrick's people that a slab of elm wood, value one shilling, was found on the freehold of Franks; that the slab was the property of Mr. Kendrick, and had been taken from the sawpit. The inference was that Franks stole it; (Franks says that the slab was measured, and valued as oak, and that its value was 7½d.) On this evidence the magistrate committed Franks to Horsemonger Lane gaol till the ensuing sessions. The magistrate told Franks he was sorry to be obliged to commit him, but as the felony had been positively sworn against him, he had no choice. But he said to the constable you know him, and I will commit him to your custody till you can take him to the county gaol. It was then agreed between the constable and Franks, that the latter should go home, and be ready to proceed to London at six next morning."

" At six they set off outside the coach, as companions, and arrived in the Borough wet through by the rain which had fallen. The constable told Franks he should not go to prison wet and hungry, so he took him to a public house, gave him a good dinner, and then left him to dry his clothes, while he went on some other business. On the constable's return, they staid together until the afternoon, when Franks was delivered at Horsemonger Lane gaol. Here he was put into the sixth class, with 25 felons, and had the prison fare, bread and water only for nine days; at the expiration of this time, his family supplied him with food."

" While he was in prison, his wife was tampered with, evidently, he says, with a view to dispossess him of his freehold; she was told she might have ten or twelve shillings weekly from the parish, for the support of her family, but she was cautioned by the clergyman not to take any thing from the parish, as it might lead to litigation and to the loss of the freehold."

" Every body seems to have viewed the proceeding in the same way as an attempt to dispossess Franks."

" Having

" Having no aid the family was reduced to very great distress, when a son of Franks, who is a servant to—— Chitty, Esq. at Horsham, told the tale to his master; said he had saved some money in his service, and was desirous to assist his father, mother, brothers and sisters. His master gave him leave to go home, and he supplied the family with the means of existing."

" When Franks had been in prison three weeks, and all attempts to dispossess him had failed, when every body was satisfied that Franks had done no wrong whatever, when the state in which he and his family were placed had excited the sympathy of all the neighbours, Mr. Kendrick sent to the gaoler, at Horse-monger-lane, to let Franks know that if he would acknowledge the crime, he would proceed no farther and forgive him; but Franks, conscious of his innocence, would not acknowledge himself a felon; and he therefore remained five weeks longer in gaol."

" When the time for holding the sessions came, Franks was informed and so was his wife, that Mr. Kendrick said, he would prosecute him no farther, but had caused counsel to be retained for him. Franks says, he has no doubt this was intended to put him off his guard, that he might have no counsel in court. He, however, procured counsel, which cost him 2 l. 5 s."

" On Tuesday the 13th July, he was ironed and chained in the prison caravan, with thirteen felons and thirteen other persons for misdemeanors, and carried to Guilford. On Thursday the 15th July, he was tried for the felony. The following is the account of the trial from The County Chronicle of Tuesday, July 20th:"

" John Franks (a respectable looking farmer,) was charged with feloniously stealing at Betchworth, a piece of elm timber, value 1 s. the property of W. Kendrick, Esq."

" A witness named Scraggs, deposed to having seen a piece of elm slab on the freehold of the prisoner, which he fitted to some timber belonging to Mr. Kendrick."

" The slab laid (lay) openly on the premises, and on his asking the son of the prisoner, he said, it belonged to his father and had lain there many years."

" This witness admitted, that the prisoner bore an excellent character and was an industrious man, with a large family."

" Another witness stated, that he had taken the elm slab from the sawpit and left it in a meadow; and that he never saw it until it was brought from Franks's."

" FOR THE DEFENCE."

" It was stated by counsel, that there was no evidence to prove that Franks had ever seen the elm slab."

" It also appeared, that a neighbour who had been repairing his house, asked permission to lay some pieces of wood, &c. on his premises, and that Franks's boys were making some addition to their rabbit-hutch, with the piece in question. The prisoner who was committed on the 14th May, was instantly acquitted, to the great satisfaction of the auditors."

" The trial is, we understand, pretty accurately reported as to the leading facts. On his acquittal, Franks was taken from Guilford to Brockham Green, within two miles of his own house, by a respectable man who had known him from a child; and went to Guildford as well at the request of his neighbours as from his own desire, to testify to the exemplary character of Franks. He describes him as having suffered much from his confinement; a strong active man; he was reduced to a singular state of weakness by the closeness of his confinement; his legs were swelled, and he was unable for some time to earn his living. On leaving his friend's house at Brockham, on the day after his trial, he went towards his home, but before he had gone a mile he was so completely exhausted that he was for a time unable to proceed. He describes his anguish as excessive; he thought he never should be able to reach home."

" HAVING laid the particulars of this case before our readers,—a tremendous act of oppression for which there is no remedy,—we ask if any one can wonder that the agricultural population of England should be in a most degraded condition? Here we have a man in a better situation than that of labourers in general, escaping from complete ruin and destruction by a miracle. The case is

"one among the many acts of oppression which the law permits the rich in this country to inflict upon the poor with impunity."

"We see a man who has all his life long borne an exemplary character, the third in the order of descent who lived respectably on his small freehold, committed on a ridiculous charge under the atrocious system which, as far as we know, is peculiar to England and Ireland, of imprisoning a man for months in order to trial, without any previous sifting of the evidence by which the charge is to be proved. In no country, except England, would John Franks have been put on his trial. No regard is had to the respectability of the individual, the ridiculous nature of the charge; that charge is sworn to positively, and the unfortunate man, who, if confronted with the witnesses, would in one moment have shewn its absurdity, is torn from his family, who are left to starve, to mix with the worst description of felons. We say, that this atrocity disgraces England and Ireland alone, for we are confident, from some knowledge of the subject, that the least respectable sheriff substitute that ever sat on a bench in Scotland within the last hundred years, would have been ashamed to send a fellow creature to prison for a single day (not to say two months) for such a matter. He had become obnoxious to his rich neighbour because he would not sell his freehold; but why should a poor man be forced to part with his estate any more than a rich man? This freehold was endeared to him as the spot on which his father and grandfather had lived before him, and who would think of condemning the feelings in which his attachment originated? It kept him far above the general run of labouring men, raised him in his own eyes, and made him in fact the sort of man whom every reflecting person would be desirous of seeing in his situation. His character and respectability would not have availed to procure him, under his peculiar circumstances, permanent employment from the rich gentry and farmers in the neighbourhood, and he must have been ruined and dispossessed of his property had he not fortunately found work at Lord Templetown's, no other place being open to him."

"The plague-spot on the English system of criminal law, is rash commitment. To tell a poor man, with a family depending on his labour, who has to suffer months of imprisonment, that he can only be punished after a trial by his peers, is a cruel and insulting mockery. The imprisonment necessarily involves him in complete ruin. A piece of wood sawed off from the outside of an elm tree, and actually not worth sixpence, is found on the premises of this poor man. No enquiry is made how it came there, or whether the poor man knew it was there; but he is instantly apprehended as a felon, and carried before a magistrate. Here the piece of wood is sworn to, and the poor man is committed as a common thief to the county gaol; the very justice who committed him expressing regret at the proceedings taken against him, and shewing this regret by leaving him in the custody of his neighbour the constable. This custody was nominal: the constable went to his home, the poor man to his; fear was out of the question. He is deposited in the common gaol; shut up, as he says, with a number of the most execrable wretches, and is fed for nine days on a prison allowance of bread and water; his family then make all the exertions in their power, spend all their savings, and sell all their necessaries, to support him; and thus all are brought to great poverty. Of this poverty and suffering advantage is attempted to be taken, with a view, as is supposed, to rob the man of his possession; for the wife was offered an unusually large sum of money as parish pay, and had she taken it, the husband would have been involved in a course of legal proceedings, which would soon have compelled him to give up his inheritance, and the rich man would have added it to his possessions; while the poor man's family would have become miserable paupers, as almost all the labourers of the south of England now are. Had he acknowledged himself a felon, to obtain his liberty, agreeably to the offer made to him, he would have been obliged to leave the neighbourhood; but he withstood the temptation, bearing with his own sufferings, and, what was still more, the sufferings of his family, exclaiming, 'I never committed a crime, and would not tell a lie, or condemn myself, to save my life;' and remained in prison till the day of trial. Fortunately, he was on his guard with respect to the offer of a counsel on the part of the prosecutor, who affected to commiserate his situation, and obtained counsel for himself; for if he had not had a counsel, he would have had no one to question a witness, and, in all probability, would have been convicted. His employing an attorney, and outlay of 2l. 5s. to obtain the necessary legal assistance, were his salvation. The bailiff of the rich man proved that the

"piece of wood was his; swore that it was worth one shilling, and that he found it on the poor man's premises; another witness, in the employment of the rich man, was present, and ready to give evidence, but the counsel extorted from the first witness so many facts in favour of Franks, and compelled him to give him so excellent a character, as at once to knock up the cause."

"There is nothing irregular in this case, nothing that the law does not justify; and this is the evil. It is because the law allows a rich man to imprison a poor man for two months on a charge of felony, to defame him all over the country; to reduce his family to misery; to bring him before a tribunal, stigmatised as a thief, without any proof whatever that the all but valueless piece of board had ever been seen by him; it is because the law justifies this, because the rich man who does this, suffers nothing in the estimation of society; and the poor man who suffers this, has no redress; that we raise our voice in behalf of that unfortunate class of beings, subject to such a monstrous extent of arbitrary power, the poor, depressed, degraded, agricultural labourers of England. The heart of every man of common humanity, who leaves this metropolis for a period however short, to breathe the country air, is wrung with the scenes of misery he witnesses, and the recitals of oppression he hears. His enjoyment is completely poisoned. In the course of time, no doubt, his feelings would become more obtuse, and he would learn to regard the poor spiritless wretches, who drag their shrunk ill fed bodies over the clods with as much indifference as the veteran views dead bodies on a field of battle, or as the planter views the marks of the cart-whip on the bodies of his slaves; man soon reconciles himself to every thing. The country gentleman would indeed be to be pitied, were he not able to bear at length, with comparative indifference, the sight of a degraded peasantry, torn for any thing or nothing from their homes, to crowd our capacious prisons, and to people the wilds of New Holland."

"It is because country gentlemen have attained to this happy indifference, that we attribute the circumstance, that no efforts have ever been made by them in the legislature to put an end to so dreadful a system. When we first called the attention of the public to the wrongs, the agricultural labourers were every day suffering from the irresponsible authority committed to the 'unpaid magistrates,' none were more surprised than the unpaid magistracy themselves, that any person should find fault with the system. Their eyes first began to be opened when they witnessed the effects produced on others, by the notice of what appeared to them only matters of course. It seemed to them quite natural, that labourers should be trodden on by all who had a mind to the thing, that the cutting a twig, the breaking a partridge's egg, the having on their premises a bit of board worth a few pence at the utmost, should involve them in utter and irretrievable ruin. We believe, however, we have partly succeeded in at length awakening their conscience, and for our parts nothing will ever be half so grateful to us as the reflection, that by directing the attention of the intelligent of our countrymen to the tyranny exercised over an unfortunate class of men, who, in another part of the island where they are kindly treated, we know to be honourable and high minded, we may have in some degree contributed to extricate them from their thralldom."

And this deponent further saith, that in the said newspaper, called *The Morning Chronicle*, of Wednesday the fourth day of August last, there were and are contained the following observations and note, with reference to the aforesaid statement contained in the said newspaper of Tuesday the third day of August last; (that is to say)

"John Franks."

"We received yesterday, the following note, with a 5⁴ note inclosed."

"August 3, 1824."

"An unpaid magistrate, and an enemy to oppression, begs the editor of *The Morning Chronicle* will forward the enclosed to John Franks, the person whose cause he so justly and powerfully advocated in his paper of this day, and he trusts it will be an example for others to do likewise."

And this deponent further saith, that in the said newspaper, called *The Morning Chronicle*, of Thursday the fifth day of August last, there were and are contained the following observations and letter, with reference to the aforesaid statement contained

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tained in the said newspaper of Tuesday the third day of August last ; (that is to say)

" John Franks."

" We received yesterday, the following letter, with three guineas enclosed in it."

" To the Editor of the Morning Chronicle,"

" Sir,—I have read in your valuable paper of yesterday, the interesting statement of the case of the respectable freeholder John Franks, and have to request you will receive the enclosed three guineas, on account of that highly injured and persecuted man. I am, Sir, your very obedient servant,"

" 4th Aug. 1824."

" An enemy to Oppression."

And this deponent further saith, that in the said newspaper called The Morning Chronicle, of Saturday the seventh day of August last, there were and are contained the following observations, with reference to the aforesaid statement contained in the said newspaper of Tuesday the third day of August last, and the observation, note and letter hereinbefore mentioned ; (that is to say)

" We have paid over the two sums of 5*l.* and 3*l.* 3*s.* transmitted to us on account of John Franks to the gentleman who furnished us with the particulars of that case, which but for his exertions, like many others of the same kind that happen every day, would have been known only in the neighbourhood of the parties. The whole passed as a matter of course at Guildford ; no one of the bench of magistrates, probably, bestowing a thought on the poor man and his unmerited sufferings a moment afterwards ; we learned from the gentleman in question that he had received some other small sums on account of poor Franks."

" It is fashionable to eulogize the administration of justice in this country. We would ask, if justice can be said to be well administered in a country in which the agricultural labourers have no protection from the law?—Are the peasantry of a country to pass for nothing, when we speak of law and justice?"

" We remember once asking a professional gentleman who had made several voyages to New South Wales with convicts under his charge, and who of course had the best means of obtaining a knowledge of their character, how the contingents from the different parts of the empire ranked."

" I have no hesitation, (he said) in saying, that the Irish convicts are decidedly the best, the English are also often very innocent creatures, but the Scotch of both sexes are very bad. He accounted for this naturally enough. The law is administered in Scotland considerably and mercifully, and transportation is assigned in that country to the worst description of criminals. The class of people who in England are sent without compunction to Botany Bay, are punished in Scotland by a slight imprisonment or a small fine. The English convicts are often poor unfortunate peasants, the victims of the game laws, or petty depredations to which they have been driven by want. With respect to the Irish again, they are often swept off *en masse* as it were, and it is quite out of the question to class many of them with criminals. This matter is thoroughly understood in New South Wales ; the richest settler of that colony has his doors and windows night and day unfastened, amidst Irish and English convicts, some of whom have been twenty-five years in his service. Though a Scotchman myself, I never wish to see the face of a Scotch convict, and all the other surgeons with whom I ever conversed have expressed the same wish."

" What a severe satire this is on the administration of the law in England and Ireland, as far as the poor are concerned ! There cannot be a better test of the manner in which the law is administered in the three kingdoms than the character of the convicts from each, the badness of the administration is inversely as the goodness of the convict."

And this deponent further saith, that in a subsequent part of the same newspaper called The Morning Chronicle, of Saturday the said seventh day of August last, there were and are contained (amongst other things) the words and matter following ; that is to say,

" We would just hint to the author, that in this place he might with great effect introduce that popular measure of Alfred, which reflects especial lustre on his reign. We allude to his causing ' forty-four justices in one year to be hanged for their false judgments.' Such a spectacle even on the stage, as forty-four justices hanging,

"hanging, would be particularly agreeable to the public feeling at this moment, and we can conceive nothing more inviting than an announcement in the play-bills, setting forth that the whole will conclude, 'with the hanging of forty-four unpaid magistrates on real gibbets.' If two or three Surrey justices could indeed be prevailed upon to hang (in the language of the theatres) 'for that night only, it would also add much to the gratification and content of the public, but we fear these gentlemen are tired of making examples of themselves."

And this deponent further saith, that in the said newspaper, called The Morning Chronicle, of Tuesday the tenth day of August last, there were and are contained the following observations and note, with reference to the said statement contained in the said newspaper of Tuesday the third day of August last; (that is to say)

"Case of John Franks."

"We have received the following note, with the inclosure:"

"To the Editor of The Morning Chronicle.

"Sir,—Please to appropriate the enclosed 5*l.* to John Franks, the oppressed cottager of Betchworth, from
A. Q. Z."

"Aug. 7, 1824.

And this deponent further saith, that in the newspaper called the Morning Chronicle, of Wednesday the eleventh day of August last, there were and are contained, amongst other things, the words and matter following; (that is to say)

"Making as we do, the beauties of the magisterial system our peculiar care, we cannot but esteem it as a piece of particularly good fortune, that we have under our eye, as it were, those public functionaries who are, by their own ingenuous confession, the very pinks of magisterial perfection. Every county has its pride—Devon glories in its cream—Cornwall in its hugs—Kent has its men—York, its jockeyship—Norfolk boasts its dumplings; and Surrey is famous for magistrates. Many shires, Essex and Cambridge more especially, stile themselves the gardens of England; but beyond all dispute, Surrey is the garden of Justices. Our geographical position, bounded as our view is, to the north by the Strand; on the south, by this favoured county, would seem to constitute us its natural super-visors; we therefore look upon our locality in this respect, as a piece of particularly good fortune; and when weary of dwelling on those wrongs and violences with which the universe abounds, we turn our eyes to the green hills of Surrey, and exclaim,—'Surely, if justice were banished from the remainder of the world, it would find a resting-place in the commission of the peace of that righteous land.—It is there, that Mr. Swabey lays down the law, while Mr. Allen approves it. It is there, that Mr. Kendrick improves his estate; that county is blessed with the mild countenance of Mr. Holme Sumner, and rejoices in the sway of Lord Eastnor, Mr. Hedger, and a host of other venerated personages that praise themselves at the quarter sessions,' &c. &c.

And this deponent further saith, that in the said newspaper, called the Morning Chronicle, of Tuesday the twenty-fourth day of August last, there was and is contained the following letter, with reference to the aforesaid statement, contained in the said newspaper of Tuesday the said third day of August last; (that is to say)

"To the Editor of the Morning Chronicle."

"Betchworth, Surrey, August 22, 1824.

"Sir,—This morning the 21st chapter of the first book of Kings was read in our church as a part of the service. The similarity of the case of the freehold of the persecuted John Franks to that of the vineyard of Naboth, instantly and simultaneously struck every one: all eyes were directed towards the pew of this poor man, who seemed to be very much affected. On going away from the church, the whole congregation agreed, that with the exception of the difference between scriptural and ordinary language, the two stories were, in some respects, wonderfully alike,—'It came to pass that Naboth had a vineyard, which was in Jezreel, hard by the palace of Ahab King of Samaria; and Ahab said unto Naboth, 'Give me thy vineyard, that I may have it for a garden of herbs, because it is near my house, and I will give thee the worth of it in money.' And Naboth said to Ahab, the Lord forbid it me, that I should give the inheritance of my fathers

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“ fathers unto thee. And Ahab came into his house heavy and displeased, because of the word which Naboth had spoken to him; for he had said, I will not give thee the inheritance of my fathers. And he caused letters to be written unto the elders and nobles, saying, Set Naboth on high among the people (in plain English, let Naboth be brought to trial), and set two men, sons of Belial, against him, saying, thou didst blaspheme God and the king; and then carry him out and stone him, that he may die. And according to the orders of the king, the elders and the nobles did set Naboth on high among the people; and there came two men, sons of Belial, who witnessed against him; then they carried him forth out of the city and stoned him with stones that he died.” Of these stories the catastrophes are different: Naboth lost his vineyard and his life; Franks is still living, and retains his freehold. It seems, however, to be probable that he would have been utterly ruined, though he was acquitted, if you had not interfered, and through the medium of your very valuable newspaper, drawn the attention of the public to his melancholy tale, and to his relief and assistance; though John Franks be now safe, the result in other respects is as yet in the womb of time.”

“ I would recommend the perusal of the remainder of this chapter, and indeed of the whole of this history, to your readers. I could imagine (if it be not presumptuous somewhat), that it may be within the scheme of Providence, in the progress of events, that the resemblance may yet be still greater between the two cases.

“ I am, Sir, your humble servant,

“ A Surrey Freeholder.”

And this deponent further saith, that the several newspapers above mentioned and referred to, and from which the several above extracts are taken, bearing date respectively the third, the fourth, the fifth, the seventh, the tenth, the eleventh and the twenty-fourth days of August now last past, are severally intituled, “ The Morning Chronicle;” and in the last page or side of each of the said several newspapers is contained the following notice: “ London, printed and published by Mr. W. Clement, 170, Strand.

Sworn at my house, Russell-square,
the 15th November 1824.
G. S. Holroyd.

Henry Parker Collett.

(A.)

William Innell Clement, of N° 170, Strand, in the city and liberties of Westminster, printer, maketh oath and saith, That he is the printer, publisher and sole proprietor of a certain newspaper called the Morning Chronicle, and that the aforesaid newspaper is intended to be printed at the printing office of the said William Innell Clement belonging to his dwelling-house, situate N° 170, Strand, in the parish of Saint Clement Dane, in the city and liberties of Westminster; and lastly, That the said newspaper is intituled, “ The Morning Chronicle.”

Will^m Innell Clement.

Sworn at the Stamp Office, Somerset-place,
this 24th day of June 1824, before me,

E. Johnston, a Commissioner for managing His Majesty's Stamp Duties.

(Indorsed.)

I do hereby certify, that this is a true copy of the original affidavit, sworn and delivered at the Head Office of Stamps in London, and now remaining filed and kept at the said office, in pursuance of an Act of Parliament of the 38th year of the reign of his late Majesty King George the 3d, intituled, “ An Act for preventing the mischiefs arising from the printing and publishing newspapers, and papers of a like nature, by persons not known, and for regulating the printing and publication of such papers in other respects.” Dated this thirtieth day of October 1824.

The Morning Chronicle
Newspaper Affidavit,
Sworn 24 June 1824.

W. A. Montagu,
a Commissioner.

This is the certified copy of the affidavit marked with the letter (A.) referred to in the affidavit of Henry Parker Collett, sworn before me the 15th day of November 1824.

G. S. H.

In

In the King's Bench.

ROWLAND WIMBURN, of Chancery-lane, in the county of Middlesex, gentleman, maketh oath and saith, That on the 9th day of August last, he this deponent, as the attorney for and on the behalf of William Kenrick, of Betchworth in the county of Surrey, esquire, accompanied by the Reverend Jarvis Kenrick, clerk, rector of Bletchingley in the said county of Surrey (the brother of the said William Kenrick), called at the office in the Strand, in the liberty of Westminster, in the county of Middlesex, where the Morning Chronicle is printed and published, and requested to see Mr. Clement, the proprietor of the said newspaper, when this deponent was informed by a clerk in the said office, that Mr. Clement was not at home, but if it was any thing about the Chronicle paper, this deponent might see Mr. Black, who had the conduct of the said paper, and whom this deponent would find in his apartments up two pair of stairs: And this deponent accordingly, accompanied by the said Jarvis Kenrick, went up to the apartments of the said Mr. Black, and saw him there; and deponent then informed him that he waited on him in consequence of the statement contained in The Morning Chronicle Newspaper of the third day of August, respecting the said William Kenrick and a man of the name of John Franks, and that this deponent's instructions were, to prosecute the printers and publishers of the said paper, for having inserted such statement therein: And this deponent further saith, that he then called upon and required the said Mr. Black to give up the name of the author of such statement, and assured him that the same, so far as related to the conduct of the said William Kenrick in the transactions therein stated to have taken place between him and the said John Franks, was most grossly misrepresented, and the comments thereon in his said paper wholly unfounded, or to that effect: And this deponent then again repeated his call on the said Mr. Black, to give up the name of the author thereof; and in answer thereto the said Mr. Black then informed this deponent that he must have time to consider before he gave him an answer, and that he would let this deponent know the result: And this deponent further saith, that on or about the sixteenth day of August last, the said Mr. Black called on this deponent at his office in Chancery-lane aforesaid, and this deponent then repeated his demand to be furnished with the name of the author of the said statement, when the said Mr. Black stated to this deponent that the letter-press of the said paper (alluding to the said Morning Chronicle of the third of August last) had been altered and revised, and the comments made by him, but that it was not in the same state as when he received it: And this deponent then asked the said Mr. Black if he meant to avow himself as the author of the aforesaid statement, in which case this deponent would bring an action against him at the suit of the said William Kenrick, immediately upon which the said Mr. Black again desired further time to consider of his answer; and it was then understood, between this deponent and the said Mr. Black, that this deponent should write formally to Mr. Clement, the proprietor of the said newspaper, calling upon him to give up the name of the author of the said statement, and that he or the said Mr. Black would then send an answer: And this deponent further saith, that in consequence of such request of the said Mr. Black, this deponent did, on the eighteenth day of August last, write in the names of himself and his partner, Mr. Kenrick Collett, and send a notice to the said Mr. Clement, requiring him to give up the name and address of the author of the statement contained in his paper The Morning Chronicle, of the third day of August then instant, respecting the said John Franks: And this deponent further saith, that not having received any answer from the said Mr. Clement or the said Mr. Black to such notice, he this deponent did, on the third day of September last, write and send another notice to the said Mr. Clement, to the same effect as the notice above stated; and also stating, that unless this deponent received the information required from the said Mr. Clement before Wednesday the eighth day of September then instant, he should conclude the said Mr. Clement refused and declined to furnish him with the same: And this deponent further saith, that he hath not, nor hath his said partner, as he this deponent verily believes, received any answer whatever from the said Mr. Clement, or from the said Mr. Black, or from any person on their or either of their behalves to such applications.

Sworn at my Chambers in Serjeants Inn,
Chancery-lane, this 13th day of No-
vember, 1824, before me,

Rowland Wimburn.

J. Littledale.

In the King's Bench.

WILLIAM KENRICK, of Betchworth, in the county of Surrey, Esquire, one of His Majesty's Justices of the Great Sessions in Wales, Recorder of Dover in the county of Kent, and one of His Majesty's Justices of the Peace for the said county of Surrey, maketh oath and saith, That in or about the month of July one thousand eight hundred and fourteen, this deponent first went to reside at Betchworth aforesaid, in a house he had then lately purchased, and in which he now resides; and this deponent found John Franks then and now of Betchworth aforesaid labourer, in the employ of William Martin, who was at that employed by this deponent to overlook certain repairs and alterations then making in the said house: And this deponent subsequently continued to employ the said John Franks as a labourer to look after his cows, and to do other husbandry work in and about his lands and premises: And this deponent further saith, that shortly after he came to reside at Betchworth aforesaid, he was desirous of purchasing, and did propose to purchase the cottage in which the said John Franks resides, and also another cottage adjoining thereto, under the same roof, and now in the occupation of Israel Cooper, but previously the property of Gates, and the gardens thereto belonging, which proposal was not accepted, but went off; not from any unwillingness on the part of the owners to sell, but to the best of this deponent's recollection and belief, on account of their asking a larger price than this deponent would give or thought them worth: And this deponent further saith, that some time after this deponent came to Betchworth, but when, in particular, this deponent cannot recollect, having kept no memorandum relating thereto, he this deponent having been given to understand that the said John Franks was disposed to exchange his cottage and garden for any other cottage equally eligible, he this deponent did, upon the occasion of hearing that two cottages in the neighbourhood of Brockham Bridge were to be sold, propose to the said John Franks and the owner of the said adjoining cottage to purchase these two cottages, for the purpose of exchanging the same with them, but which proposition the said John Franks declined, or however did not agree thereto; and this deponent, in consequence thereof, did not make such purchase: And this deponent further saith, that he did afterwards, and in or about the month of July in the year one thousand eight hundred and eighteen, propose to buy two other cottages, which were on sale in Betchworth-street, the property of the devisees of the late Duke of Norfolk, with a view of offering one of them to the said John Franks, in exchange for his said cottage, but that deponent desisted from purchasing the same at the request of a neighbour, who wished to purchase them herself; and this deponent does not recollect, and therefore cannot say whether he did or did not, on that occasion, make any proposal or proposition on the subject to the said John Franks, though this deponent believes he did not: And this deponent further saith, that from the last-mentioned period (July one thousand eight hundred and eighteen) he hath not made, directly or indirectly, by himself, or through any other person, any proposal for the purchase or exchange, or otherwise acquiring to himself the cottage and garden of the said John Franks, or any part of his premises, or entertained any idea of being able to acquire them; and that to the best of his recollection and belief, the aforesaid transactions and proposals for purchase or exchange above-stated, except the exchange next hereinafter mentioned, have been the only transactions, treaties, proposals or propositions, which have ever passed between him and the said John Franks, or any other persons or persons, with this deponent's privity or authority, relative to this deponent acquiring, purchasing or exchanging, or endeavouring to purchase, exchange, or in any way acquire the said John Franks's cottage and garden, or any other property of the said John Franks: And this deponent positively saith, that he never did take any offence, nor entertain or harbour any resentment or ill-will whatsoever towards the said John Franks, by reason of his refusal to sell or exchange his said cottage and garden to this deponent: And this deponent further saith, that some short time after he came to reside at Betchworth aforesaid, this deponent did agree to receive in exchange two several allotments of and part of a certain common, called Switches Common, in the said parish, which had been set out under an inclosure act for the said John Franks, and

Gates, the then owner of the other cottage, as their allotments in respect thereof, and which were situate at some little distance from their said cottages, of trifling value, and of very little use to them, for part of an inclosed field belonging to this deponent, and adjoining their respective gardens, of greater value than the allotments so to be given by them in exchange for the same, and which offer was

gladly

gladly accepted by them, the said John Franks and Gates, and the exchange was accordingly made, and sometime afterwards duly recorded in the award of the commissioners, at the expense of this deponent, and their said cottages and premises were thereby rendered more valuable and convenient than they otherwise would have been, as this deponent believes, and as they and each of them have respectively and repeatedly acknowledged to this deponent: And this deponent further saith, that at the time of his making such last-mentioned exchange of land under the said inclosure act, this deponent was informed and believes that it was proposed and intended that the said John Franks should have certain part of the land so to be given by this deponent in exchange, which abutted for a small length on the public road, and that the said Gates should have a path or footway to the parcel to be allotted to him; and upon that occasion this deponent believes he did state to the said John Franks that such ought to be the case, as it did not appear to this deponent how the said Gates could otherwise have a ready or so convenient access to his part thereof, but which the said John Franks refused, or did not acquiesce in, and thereupon this *defendant* left it to the parties and the commissioners under the said act to settle the division thereof, and all other circumstances relating thereto between themselves, without any further interference on the part of this deponent, and the same was settled among them without any such path or footway having been allowed; and this deponent further saith, that he never, to the best of his recollection and belief, did in any other manner, or upon any other occasion, or in any other way propose to the said John Franks, to make any pathway in, over, through or upon his, the said John Franks' property, nor hath he any conception or idea that he could ever, for any purpose whatsoever, wish to do so, or to have any pathway over the premises of the said John Franks; and this deponent saith, he hath no recollection of the said John Franks ever refusing to permit him to make any pathway over any property belonging to him, except as aforesaid; and this deponent expressly denies that he has, or ever had, any irritation against the said John Franks, for any such cause, or by reason of any such refusal; and this deponent positively denies, that he ever attempted in any manner to cut off all or any communication between the road and the cottage of the said John Franks; and this deponent further saith, that on or about the fourteenth day of May last, a slab or piece of elm timber, the property of this deponent had been (as this deponent verily believes) feloniously *stolen, taken, and carried away from the premises of this deponent, and which slab was found by James Beall, this deponent's bailiff, on the premises of the said John Franks, and on comparing the same with the piece of timber from which it had been severed, it exactly corresponded therewith, and fitted thereto*; and this deponent having no doubt but *the said John Franks had stolen the same, caused him to be apprehended for such offence, and taken before Ynyr Burgess, Esquire, one of His Majesty's Justices of the peace acting for the same county, who after examining into the matter, and hearing what the said John Franks had to say for himself as to the possession of the said slab, as this deponent hath been informed and believes, committed him, the said John Franks, to the county gaol in Horsemonger-lane, in the said county, to take his trial at the then ensuing quarter sessions for such offence*; and this deponent *hath also been informed, by James Bar, a carter, in this deponent's employ, who lives in a cottage near to the garden of the said John Franks, and which information this deponent believes to be true, that he saw John Franks on the day before he was taken up on suspicion of having stolen the same, putting up or placing the said slab or piece of elm timber against a rabbit hutch of him, the said John Franks, as or for a shelter to the said hutch, and in the place where the same was found by the said James Beall*; and this deponent doth, in the most positive manner, deny that he did, while the said John Franks was in prison, or at any other time, *tamper or cause, or induce any other person or persons, to tamper with the wife of the said John Franks in any manner whatsoever, with a view to dispossess him, the said John Franks, of his freehold, or for the purpose of obtaining the cottage, garden, or any other property of the said John Franks*: And this deponent further saith, that a few days before the said quarter sessions commenced, he was informed by the said James Beall, and which information this deponent believes to be true, that the wife of the said John Franks had applied to him, and begged him to interfere with the deponent on his behalf, and assured him that her husband was sincerely sorry for what he had done, and she had no doubt but what he had already suffered would induce him for the future to lead a more honest life, and bring up his family more correctly, and requested the said James Beall to ask this deponent to desist from further prosecuting her said husband for the said offence:

And this deponent giving credit to the assurances of the wife of the said John Franks, and out of compassion to her numerous family, in answer to such application, directed the said James Beall to tell her that he this deponent would write to Mr. Walter the gaoler at Horsemonger-lane, where the said John Franks was then in custody, to learn what his conduct had been whilst in his custody, and if he this deponent found that Franks acknowledged his guilt, and had shewn himself penitent, and behaved and was likely to behave well in future, he this deponent would apply, (as far as he could with propriety do so) to the court before whom he was to be tried, to pass on him as lenient a sentence as the court could with *the* propriety do: And this deponent did accordingly on or about the thirtieth day of June last, write to Mr. James Walter, the keeper of the said gaol a letter, of which the following is a copy: "Sir, I shall be obliged to you to inform me in what manner John Franks, committed by Mr. Ynyr Burgess for stealing a plank my property, has conducted himself since he has been in your custody. The facts of the case are so short and so clear against him, that I cannot suppose he can entertain any hope of acquittal. I have no animosity against him, and if I find he has conducted himself with propriety since he has been in your custody, and is ready to acknowledge his guilt, and is sensible and sorry for his misconduct, I shall be ready to do all in my power to induce the court to be as lenient to him as it can be when convicted, or he shall plead guilty. I am, your obedient servant, Wm. Kenrick: And this deponent received a letter from the said James Walter, in answer thereto, of which the following is a copy: Horsemonger Lane, 2d July 1824. Sir, I have the honour to acknowledge the receipt of your letter of the 30th ult. and beg to inform you, that John Franks has conducted himself with great propriety since he has been in my custody; he says he is very sorry for the offence which has been committed, but it was done by one of his children to make a rabbit hutch, and that he did not even know the plank had been taken until he was apprehended. I have the honour to be, Sir, your most obedient servant, J. Walter. W. Kenrick, Esq. &c. &c.": And this deponent further saith, that he communicated the answer so received by him, to the said James Beall, to be communicated by him to the wife of the said John Franks; and that the said James Beall afterwards informed this deponent, that he did so communicate the same to the wife of the said John Franks, who in reply told the said James Beall, as he afterwards informed this deponent, that it would not do, and it would be their ruin if her husband pleaded or was found guilty, because he was and for some time had been a member of a benefit society, from which, if he pleaded guilty or was found guilty, he must by the rules of the society be absolutely expelled, and he and his family would thereby be deprived of all benefit therefrom, and of the payments already made by him: And this deponent further saith, that upon receiving such last-mentioned information, and having made enquiry and procured a copy of the rules of the said society, and satisfied himself that such would be the case, he this deponent did thereupon write to Charles John Lawson, esquire, the clerk of the peace of the said county, a letter, of which this deponent kept no copy, stating to the best of his recollection how the said John Franks was circumstanced in respect of such benefit society, and this deponent's opinion of his character, and asking him if the recognizance to prosecute had been returned, and if he knew of any instance of the same being, under any such circumstances, *permitted to be withdrawn*, and requesting him, if he had any doubt, to write to Lord Viscount Middleton, the Chairman of the Sessions for the said county, on the subject, and to ask of the Court in the name of this deponent, if this deponent should not happen to be present at the then next Session, to permit the recognizance to be withdrawn for the reason, and under the circumstances above stated, or to that purport and effect; and that the said Charles John Lawson wrote a letter to this deponent in answer thereto, but which this deponent hath lost or mislaid, and cannot find, stating to the best of this deponent's recollection, that the recognizances could not be withdrawn, and the prosecution must at all events go on, and the witnesses bound over to prosecute must attend and prefer the bill, and give evidence thereon: And this deponent thereupon caused the witnesses who were so under recognizance to go before the grand jury with the bill, and which was thereupon found a true bill: And this deponent further saith, that he never did write or send to the gaoler at Horsemonger-lane aforesaid, to let the said John Franks know that if he would acknowledge the crime of which he was accused, he this deponent would proceed no further, and forgive him: And this deponent positively denies, that when the time for holding the said sessions came on, or before or at any other time, he this deponent ever

ever did inform the said John Franks or his said wife, or authorize or commission any person or persons to inform them or either of them, that he this deponent would not prosecute the said John Franks any further, or that he this deponent had caused counsel to be retained for the said John Franks, nor did he this deponent ever say or do any thing that was intended to put the said John Franks off his guard, that he might have no counsel in court; on the contrary, this deponent saith, that he did direct his bailiff, the said James Beall, to inform the wife of the said John Franks that he had heard from the clerk of the peace, and he believed the court would not permit the recognizances to be withdrawn; and that he this deponent must therefore prosecute, but at the same time to inform her, that he this deponent would not employ any counsel or attorney, or press the case against her husband any further than he was obliged to do: And this deponent further saith, he did accordingly countermand the attendance of the attorney whom he had before directed to conduct such prosecution, and did not attend himself or employ any counsel to attend on the trial of the said John Franks, to examine or give the court any information, nor to examine or cross-examine any of the witnesses, nor did he give any directions to the said James Bax to attend as a witness on the said trial, he not having been examined before a magistrate, or entered into any recognizance so to do: And the said James Bax, not appearing as a witness on the said trial, to prove that he saw the said John Franks putting up the slab against the rabbit hutch of him the said John Franks, as a shelter to such hutch, as hereinbefore mentioned, the said John Franks was acquitted: And this deponent further saith, that he did not institute or carry on such prosecution out of any malice or ill-will, or with any view to oppress or distress the said John Franks, but solely from a sense of public duty, and to protect his property from depredation.

William Kenrick.

Sworn at Betchworth aforesaid, this thirteenth }
day of November, one thousand eight hun- }
dred and twenty-four, before me,

Tho' Burt, a Commiss' for taking Affidavits in the said Court.

In the King's Bench.

JAMES CRAGG, of Betchworth, in the county of Surrey, labourer, maketh oath and saith, That he is forty-seven years of age, and that he knows John Franks of Betchworth aforesaid labourer, and hath known him for ten years, during the whole of which time he the said John Franks has been a common day labourer, and not a farmer: And this deponent further saith, that on or about the fourteenth day of May last, a slab of elm timber, the property of William Kenrick, of Betchworth aforesaid, esquire, had been stolen and carried away from off the premises of the said William Kenrick, at Betchworth aforesaid, and which he, this deponent, in company with James Beall, saw on the premises of the said John Franks the day before he the said John Franks was apprehended for stealing the same; and that he, this deponent, was positive it was the piece of elm that he, this deponent, had been using in making a ditch on the grounds of the said William Kenrick: And this deponent further saith, that he was present when John Batchelor, the constable of Betchworth, apprehended the said John Franks for the said offence, and that the said constable then told the said John Franks that he had done so in consequence of his the said John Franks having a slab of elm, the property of the said William Kenrick, on his the said John Franks's premises; and that the said John Franks replied, he did recollect setting up such a thing there, and that he did not know but that it was his property, or used words to that or the like purport or effect: And this deponent further saith, that he attended as a witness at the general quarter sessions of the peace held for the said county, at Guildford, on the trial of an indictment for felony against the said John Franks, for stealing the said slab; he, this deponent, having been bound over by recognizance to appear and give evidence thereon: And this deponent further saith, that he, this deponent, and the said James Beall, were the only witnesses who were examined on the trial of the said indictment on the part of the prosecution; but this deponent did not, at the time of his examination on such trial, state any conversation that had passed between this deponent and any son of the said John Franks, respecting the said slab: And

this deponent further saith, that he did not upon such trial state or admit that the said John Franks bore an excellent character.

Sworn at Betchworth aforesaid, the thirteenth day of November one thousand eight hundred and twenty-four, having first been read over to the said deponent, who seemed perfectly to understand the same, and made his mark hereto in my presence, and before me,

his
James X Scragg,
mark.

Tho' Burt, a Commiss^r for taking Affidavits in the said Court.

In the King's Bench.

JAMES BEALL, of Betchworth, in the county of Surrey, bailiff to William Kenrick, of Betchworth aforesaid, Esquire, maketh oath and saith, That he knows John Franks, of Betchworth aforesaid, labourer, and his wife, and hath known them for twenty years, or thereabouts: And this deponent further saith, that on or about the fourteenth day of May last, a slab of elm timber, the property of the said William Kenrick, had been stolen and carried away from off the premises of the said William Kenrick, at Betchworth aforesaid, and which slab was found by this deponent on the premises of the said John Franks: And this deponent further saith, that upon his so finding the said slab, he this deponent measured and compared the same with the remaining part of the piece of timber from which the same had been cut, which was in the possession of the said William Kenrick, with which it corresponded: And this deponent further saith, that on his return after measuring the said slab, and claiming the same as the property of his master, the said William Kenrick, he this deponent met the wife of the said John Franks, who asked this deponent what business he had there, on the premises of the said John Franks, and told this deponent, without any observation or conversation having before passed between them, that the *slab did not belong to the said William Kenrick*: And this deponent further saith, that Thomas Franks, the son of the said John Franks, (and who is now between fourteen and fifteen years of age as this deponent believes) when this deponent claimed the slab as the property of the said William Kenrick, told this deponent, that his father, the said John Franks, had had the said slab for some years, and that it did not belong to the said William Kenrick: And this deponent further saith, that he then informed them, that he would take back the said slab, and place it on the piece of timber from which it had been cut off, and acquaint his master, the said William Kenrick, thereof, which he accordingly did; and this deponent at the same time observed to the said wife of the said John Franks, and to their said son, that they could not have had the said piece of timber for some years, as the wood was then quite green: And this deponent immediately, and in the presence of John Franks' said wife and son, cut such slab with his knife, and shewed that the same could not have been cut beyond a month or six weeks: And this deponent further saith, that upon his informing his master, the said William Kenrick, of the above facts, the said John Franks was taken into custody by John Batchelar, the constable at Betchworth aforesaid, by order of the said William Kenrick, and carried before Ynyr Burgess, Esquire, a magistrate acting in and for the said county, for such offence; and the said Mr. Burgess, after taking the depositions of this deponent, and of James Scragg, of Betchworth aforesaid, and after having heard what the said John Franks had to say for himself, as to the possession of the said slab, committed him the said John Franks to the county gaol of Horsemonger-lane, in the said county, to take his trial for such offence at the then next ensuing quarter sessions to be holden for the said county: And this deponent further saith, that about eight or ten days previously to the commencement of the last Midsummer quarter sessions for the said county of Surrey, the wife of the said John Franks applied to this deponent, and begged him to interfere with the said William Kenrick, on the behalf of her husband the said John Franks, and assured this deponent, that her husband was sincerely sorry for what he had done, and she had no doubt but that what he had already suffered would induce him for the future, to *lead a more honest life*, and bring up his family more correctly, or to that effect; and she also intreated this deponent to ask the said William Kenrick to desist from further prosecuting her said husband:

And

And this deponent further saith, that he did accordingly communicate the application so made to him by the said wife of the said John Franks, to the said William Kenrick, who desired this deponent to tell her, and which he accordingly did, that he the said William Kenrick would write to Mr. Walter, the gaoler, at Horsemongers-lane, where the said John Franks was then in custody, to learn what his conduct had been whilst in his custody, and that if he learnt that the said John Franks acknowledged his guilt, and had shewn himself penitent, and behaved and was likely to behave well in future, he the said William Kenrick would, so far as he could with propriety do so, apply to the Court before whom he was to be tried, to pass on him as lenient a sentence as the Court could with propriety do: And this deponent further saith, that afterwards, at the desire of the said William Kenrick, he did communicate to the wife of the said John Franks, the answer he the said William Kenrick had received from Mr. Walter to his application: And this deponent saith, that thereupon the wife of the said John Franks, informed this deponent in reply thereto, and which he afterwards repeated to the said William Kenrick, that what he (Mr. Kenrick) proposed to do, of endeavouring to get the sentence mitigated, would not do, and that it would be to her utter ruin if her husband should be found guilty, because he was, and for some time had been a member of a benefit society from which, if he pleaded guilty, or was found guilty, he must by the rules of such society, be absolutely expelled, and would lose all benefit of the payments already made by him: And this deponent further saith, that he did by the direction and at the desire of the said William Kenrick, inform the wife of the said John Franks, that the said William Kenrick had learnt from Mr. Lawson, the clerk of the peace of the said county, and that he believed that the Court could not permit the recognizances so entered into by this deponent and the said James Scragg to be withdrawn, and that therefore this deponent and the said James Scragg must attend before the grand jury, and give evidence on the trial, but that he the said William Kenrick would not employ any counsel or attorney, or press the case against her husband any further than he was necessarily obliged to do: And this deponent further saith, that at the quarter sessions held at Guildford for the said county at Midsummer last, the said John Franks was indicted for the said offence, and a true bill was found against him upon the evidence of this deponent and the said James Scragg, being the same witnesses who had been examined before the said Mr. Burgess, and were under recognizance to prosecute and give evidence upon such indictment: And this deponent further saith, that he this deponent and the said James Scragg were the only witnesses who were examined on the trial of the said indictment on the part of the prosecution, but this deponent did not at the time of his examination on such trial, state any conversation that had passed between this deponent and the son of the said John Franks, respecting the said slab: And this deponent further saith, that he did not upon the trial state or admit that the said John Franks bore an excellent character, but did state that he was an industrious man with a large family, or to that effect: And this deponent further saith, that he did not depose or say, on the said trial of the said John Franks, that he had never seen the said slab until after it had been brought from the premises of the said John Franks, but on the contrary, this deponent did then state as the fact was, that he found the same on the premises of the said Franks: And this deponent further saith, that the said John Franks, within a day or two after his return home after his acquittal, said to this deponent, that he would take care how he or his family ever got into such a scrape again, and was very thankful that such mercy had been shown to him.

James Beall.

Sworn at Reigate, in the County of Surrey,
this ninth day of November one thousand
eight hundred and twenty-four, before me, }

Tho Burt, a Commissioner for taking Affidavits in the said Court

In the King's Bench.

JAMES BAX of Betchworth, in the county of Surrey, carter in the employ of William Kenrick, of Betchworth aforesaid, esquire, maketh oath and saith, That he knows John Franks of Betchworth aforesaid, labourer, and hath known him for ten years, or thereabouts: And this deponent saith, that he resides in a cottage,

at Betchworth, near to the garden of the said John Franks : And this deponent further saith, that in or about the month of May last, a slab or piece of elm timber, the property of the said William Kenrick, was stolen and carried away from off the premises of the said William Kenrick, and which fitted or corresponded with the remaining part of the same slab : And this deponent saith, that he saw the said John Franks, on the Sunday before he was taken up on suspicion of having stolen the same, putting up or placing the said slab or piece of elm timber against a rabbit hutch of him the said John Franks as or for a shelter to the said hutch : And this deponent saith, that he did not attend to give evidence on the trial of the said John Franks at the last Guildford quarter sessions for the said county, for the said offence, he, this deponent, not having been examined before the magistrate who had committed the said John Franks for such offence, nor bound in any recognizance, nor having received any directions so to do.

Sworn at Betchworth aforesaid, the eighth day
of November one thousand eight hundred
and twenty-four, at which time this affidavit
was read to the deponent, James Bax, who
appeared perfectly to understand the same,
and made his mark in the presence of and
before me,

his
James ~~X~~ Bax,
mark.

Tho^s Burt, a Commissioner for taking Affidavits in the said Court.

In the King's Bench.

JAMES BATCHELAR of Betchworth, in the county of Surrey, carpenter, maketh oath and saith, That he knows John Franks of Betchworth aforesaid, labourer, and hath known him for twenty years or thereabouts : And this deponent further saith, that in the month of May last, the said John Franks was committed by Ynyr Burgess, of Reigate, Esquire, a magistrate for the said county, to the common gaol of the said county, to take his trial at the then ensuing quarter sessions for the said county, for *stealing* a slab or piece of elm timber the property of William Kenrick, of Betchworth aforesaid, Esquire : And this deponent further saith, that previously to the said month of May the said *John Franks gave him, this deponent, leave to put or place on his the said John Franks' premises in Betchworth aforesaid, some pieces of timber*, and that in consequence of such leave so given him, he this deponent, did put or place *on the said premises of the said John Franks several pieces of oak and elm timber, the property of him this deponent* : And this deponent further saith, that *he hath seen the said slab or piece of elm timber, for the stealing of which the said John Franks was committed to take his trial as aforesaid, but that he, this deponent, did not put on the said premises of the said John Franks the said slab or piece of elm timber so belonging to the said William Kenrick, or any other piece or pieces of timber whatever, except those belonging to him, this deponent, as above stated.*

James Batchelar.

Sworn at Betchworth aforesaid, the eighth
day of November one thousand eight hun-
dred and twenty-four, before me,

Tho^s Burt, a Commissioner for taking Affidavits in the said Court.

In the King's Bench.

JOHN BATCHELAR, of the parish of Betchworth, in the county of Surrey, carpenter, constable of the said parish, maketh oath and saith, That he did on or about the fourteenth day of May last, *apprehend John Franks* of Betchworth aforesaid, labourer, by order of William Kenrick of Betchworth aforesaid, Esquire, for stealing a slab or piece of elm timber, the property of the said William Kenrick, from off the premises of the said William Kenrick at Betchworth aforesaid, and took him before Ynyr Burgess of Reigate, in the said county of Surrey, Esquire, a magistrate for the same county, for such offence : And this deponent further saith, that *upon such occasion the said John Franks said in the presence of this deponent, that*

that he knew that the said slab or piece of elm timber for the stealing of which he was so apprehended was upon his premises, but he did not know to whom the same belonged; and that he had set it up against a woodhouse on his premises, with some other stuff which he had then on his premises.

Sworn at Betchworth aforesaid, the eighth }
day of November one thousand eight }
hundred and twenty-four, before me, }

John Batchelar.

Thomas Burt, a Commissioner for taking Affidavits in the said Court.

In the King's Bench.

GEORGE ADAMS, butler to William Kenrick of Betchworth, in the county of Surrey, esquire, maketh oath and saith, That he knows John Franks of Betchworth aforesaid, labourer, and hath known him for the space of ten years or thereabouts: And this deponent further saith, that after the said John Franks had been acquitted of the offence for which he was tried at the general quarter sessions of the peace holden at Guildford, in the said county of Surrey, on the twenty-second day of July last, he told this deponent that he never intended or thought of employing counsel for his defence, until after he had heard that a true bill had been found against him: And this deponent further saith, that the said John Franks, within a day or two after his return home after such his acquittal, said to this deponent, that he was very thankful for the mercy and lenity which had been shewn him in such prosecution, and that he was quite satisfied in every respect concerning it, and that it had done him a great deal of good.

Sworn at Betchworth, in the county of }
Surrey, this thirteenth day of November }
one thousand eight hundred and twenty- }
four, before me, }

Geo. Adams.

Thomas Burt, a Commissioner for taking Affidavits in the said Court.

In the King's Bench.

WILLIAM ROBERTS JAMES, of Ely-place in the county of Middlesex, attorney at law, maketh oath and saith, That this deponent received of and from John Drakard, of Stamford, in the county of Lincoln, gentleman, proprietor of a certain newspaper, called Drakard's Stamford News, a certain letter addressed to him the said John Drakard, signed by Russell Collett, of the Jungle near Swinethorpe, in the said county of Lincoln, Esquire, and which said letter is fully copied and set out in an affidavit lately made and sworn by the said John Drakard, respecting his the said John Drakard's receipt of the same: And this deponent saith, that he also received of and from the said John Drakard, the letter enclosed in and referred to by the said letter of the said Russell Collett, as having been received of and from William Kenrick, of Betchworth Park, in the county of Surrey, Esquire, in answer to the statement in the Morning Chronicle newspaper, respecting the case of John Franks, and which said last-mentioned letter is also fully copied and set out in the affidavit of the said John Drakard: And this deponent saith, that on Friday the fourteenth day of January instant, he saw the said John Drakard at his house at Stamford, in the county of Lincoln, and he asked and demanded of and from him the said John Drakard, of whom he the said John Drakard received the said letter, and by whose authority they were published in the Stamford News; and the said John Drakard then and there informed this deponent, and which information he believes to be true, that he received the said letter and enclosure by the general post from the said Russell Collett, who was, as the said John Drakard said he believed, a relation by marriage of the said William Kenrick; and the said John Drakard informed this deponent, and which information this deponent believes to be true, that he the said John Drakard had inserted the said letter purporting to be signed "W. Kenrick," in his newspaper, at the request of the said Russell Collett, under the idea that it was an original letter, written and signed by the said

William Kenrick, and not a copy of such letter made by the said Russell Collet, as appeared to this deponent to be the case: And this deponent saith, that at the request of this deponent the said John Drakard furnished this deponent with a letter of introduction to the said Russell Collet, and which was in the words or to the effect following; (that is to say),—"Dear Sir,—Mr. James, the gentleman who is the bearer of this note, has, on his way from town, called to request of me a note of introduction to you, relative to the letter I had the honour of receiving from you some time ago, purporting to be from Mr. Kenrick. Mr. James is Mr. Clement's solicitor, and is deputed by him to wait on you for the original letter, as it appears that the one I had sent me by you was only a copy.

"I have the honour to be,

"Stamford, January 14, 1825.

"Addressed to Russell Collet, esq.

"Jungle,

"Swinethorpe, in Lincoln."

"Dear Sir,

"Yours truly,

"J. Drakard."

And this deponent saith, that he proceeded to the residence of the said Russell Collet at Swinethorpe aforesaid, and on Saturday the fifteenth day of January instant, this deponent saw the said Russell Collet, and gave him the said last-mentioned note; and this deponent asked and demanded of and from the said Russell Collet, whether the letter purporting to be signed by William Kenrick, and which this deponent produced to the said Russell Collet, was the original letter received from the said William Kenrick, or a copy thereof, and if only a copy, then this deponent required the said Russell Collet to deliver up to the deponent the original of which it was a copy: And this deponent saith, that the said Russell Collet then said it was a very unpleasant business; that it was certainly only a copy, but that the said Mr. Kenrick had married a favourite niece of his, and that he had a great respect for him, and must decline delivering up the said Mr. Kenrick's letter; and the said Russell Collet, on being asked by this deponent if the letter purporting to be signed by him, the said Russell Collet, was of his the said Russell Collet's own hand-writing, unequivocally admitted it to be so, and that the said letter, signed W. Kenrick (being a copy of Mr. Kenrick's letter), was inclosed by him in his letter to Mr. Drakard for insertion in the Stamford News, but the said Russell Collet again stating his reasons, namely, his relationship with Mr. Kenrick, refused to deliver up the said original letter, or to make any further admissions or disclosures respecting the business, and told this deponent, that he must abide the consequences, if any ensued, for such his refusal; and this deponent saith, that on Monday the seventeenth day of January instant, he proceeded to Betchworth, to see Mr. Kenrick on the subject, and not wishing to meet the said Mr. Kenrick unprepared, this deponent wrote him a letter, of which the following is a copy:

"Sir,

"January 17th, 1825.

"That I may not introduce myself to you without your knowing in what character I do so, I beg to inform you, that I am the solicitor for Mr. Clement, and am employed by him in his defence to the proceedings taken by you against him as proprietor of The Morning Chronicle newspaper. My reason for wishing to see you is to obtain from you your avowal or denial of the letter signed "W. Kenrick," and inserted in the Stamford News of the 10th of September last, at the request of Mr. Russell Collet. I have that gentleman's letter, and I saw him on Saturday on the subject; in consequence of what passed between us, and which I have no objection to make entirely known to you, I make my present application to you. Our interview will not occupy many minutes of your time, and I shall feel obliged by your allowing it to take place immediately, as I am obliged to be in town this evening. I have the honour to be,

Sir, your obedient Servant,

"To William Kenrick, Esq.
&c. &c. &c.
Betchworth Park.

W^m Rob^t James."

And

And this deponent saith, That the said William Kenrick read the said letter in this deponent's presence, this deponent having met him in Betchworth Park, and then said he could give no explanation or enter into any conversation on the subject of the said letter; and on this deponent's pressing him for a more explicit answer to his application, the said William Kenrick politely, but firmly, requested this deponent not to ask questions, for that he could not enter into any conversation whatever with him on the subject.

W. Robt James.

Sworn at Reigate, in the county of Surrey, }
this 17th day of January 1825. }

Before me,

Amb. Glover, a Commissioner, &c.

Examined with the original affidavit on the
files of the court of King's Bench in my
custody,

Per Dealtry.

William Kenrick, and not a copy of such letter made by the said Russell Collet, as appeared to this deponent to be the case : And this deponent saith, that at the request of this deponent the said John Drakard furnished this deponent with a letter of introduction to the said Russell Collet, and which was in the words or to the effect following ; (that is to say),—" Dear Sir,—Mr. James, the gentleman who is " the bearer of this note, has, on his way from town, called to request of me a note " of introduction to you, relative to the letter I had the honour of receiving from " you some time ago, purporting to be from Mr. Kenrick. Mr. James is " Mr. Clement's solicitor, and is deputed by him to wait on you for the original " letter, as it appears that the one I had sent me by you was only a copy.

" I have the honour to be,

" Stamford, January 14, 1825.

" Addressed to Russell Collet, esq.

" Jungle,

" Swinethorpe, in Lincoln."

" Dear Sir,

" Yours truly,

" J. Drakard."

And this deponent saith, that he proceeded to the residence of the said Russell Collet at Swinethorpe aforesaid, and on Saturday the fifteenth day of January instant, this deponent saw the said Russell Collet, and gave him the said last-mentioned note ; and this deponent asked and demanded of and from the said Russell Collet, whether the letter purporting to be signed by William Kenrick, and which this deponent produced to the said Russell Collet, was the original letter received from the said William Kenrick, or a copy thereof, and if only a copy, then this deponent required the said Russell Collet to deliver up to the deponent the original of which it was a copy : And this deponent saith, that the said Russell Collet then said it was a very unpleasant business ; that it was certainly only a copy, but that the said Mr. Kenrick had married a favourite niece of his, and that he had a great respect for him, and must decline delivering up the said Mr. Kenrick's letter ; and the said Russell Collet, on being asked by this deponent if the letter purporting to be signed by him, the said Russell Collet, was of his the said Russell Collet's own hand-writing, unequivocally admitted it to be so, and that the said letter, signed W. Kenrick (being a copy of Mr. Kenrick's letter), was inclosed by him in his letter to Mr. Drakard for insertion in the Stamford News, but the said Russell Collet again stating his reasons, namely, his relationship with Mr. Kenrick, refused to deliver up the said original letter, or to make any further admissions or disclosures respecting the business, and told this deponent, that he must abide the consequences, if any ensued, for such his refusal ; and this deponent saith, that on Monday the seventeenth day of January instant, he proceeded to Betchworth, to see Mr. Kenrick on the subject, and not wishing to meet the said Mr. Kenrick unprepared, this deponent wrote him a letter, of which the following is a copy :

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Sir, your obedient Servant,

" To William Kenrick, Esq.
&c. &c. &c.
Betchworth Park.

W^m Rob^t James."

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W. Robt James.

Sworn at Reigate, in the county of Surrey, }
this 17th day of January 1825. }

Before me,

Amb. Glover, a Commissioner, &c.

Examined with the original affidavit on the
files of the court of King's Bench in my
custody,

Per Dealtry.

MR. KENRICK'S CASE.

COPIES OF THE AFFIDAVITS FILED
BY MR. KENRICK.

In support of a Rule for a Criminal Information
against *William Innell Clement*; and the Affidavit
of *Mr. James*, filed to prove *Mr. Kenrick* the
Author of a Letter printed in the *Stanford*
News.

Ordered, by The House of Commons, to be Re-printed,
17 February 1826.

II.

FURTHER PAPER RELATING TO MR. KENRICK'S CASE.

VIZ.

Copy of the Affidavit of *John Drakard*, containing a Copy of Mr. Kenrick's Letter, referred to in Mr. James's Affidavit, being one of the Affidavits presented 17th June.

Ordered, by The House of Commons, to be Re-printed, 17 February 1826.

In the King's Bench.

JOHN DRAKARD, of Stamford in the county of Lincoln, gentleman, proprietor and editor of a certain newspaper called, and entitled "*Drakard's Stamford News*," maketh oath and saith, That he knows Russell Collet, of the Jungle, Swinethorpe, in the county of Lincoln, esquire, and he the said Russell Collet is, as this deponent is informed and believes, related by marriage to William Kenrick, of Betchworth, in the county of Surrey, esquire: And this deponent saith, that at the end of August last, or the beginning of the month of September, he this deponent received a letter from and in the handwriting of the said Russell Collet, and which letter is in the words and figures following; (that is to say)

" Dear Sir,

" The Jungle, Aug. 30.

" Upon reading your statement of the transaction between Mr. Kenrick and a poor man at Betchworth, I wrote to him for the particulars, as I did not conceive it possible, from my intimate knowledge of him, that it could be any thing near true; the inclosed is his answer. You will see what dependence can hereafter be placed on the Whig Chronicle, from which your statement is copied, and will, I am sure, be glad of the opportunity of repairing the injury you have done by inserting his letter in your paper.

Addressed,

Mr. Drakard, Stamford.

" I am truly yours,

" *Russell Collet.*"

And this deponent saith, that the letter of the said Mr. Kenrick, so referred to by and enclosed in the said letter of the said Russell Collet, is in the words and figures following; (that is to say)

" Dear Sir,

" The account in *Drakard*, is the reverse of truth. I do not think it became me to enter into controversy with the editor of any newspaper, or to notice their scandal. I heard of the paragraph in *The Chronicle* only two days before I left home, and drew out a sketch of the affidavit I proposed to make, as the foundation for a criminal information, or instruction, for an action against the editor, and those of other papers who should publish any copy, and left it with my solicitor in town, stating in substance as follows:

" When I first came to my present residence, I found Franks in the employ of the persons who were repairing the house for my reception. I employed him to look after my cattle; I received hints of his misconduct at different times,
42. " from

"from a person who had employed him, which excited my suspicions; and finding
 "them well founded, I dismissed him. I had, or rather my wife had, sent one of
 "his daughters to school, and she was employed at needle work, which occasioned
 "her to have access to the house; various articles were missing, lace, stockings,
 "clothes, silver handled scissors, &c. were missing, belonging principally to the
 "house-keeper, and much jealousy and suspicion was occasioned amongst my
 "servants, till they all agreed on suspecting Franks's daughter, when they ac-
 "quainted me with the circumstances; and I directed application to a neighbouring
 "Justice, for a search warrant, in the execution of which, all the articles were
 "found in a box, in the bed room of Franks and his wife, under their clothes;
 "the magistrate requested my interference with the parties, on account of the
 "tender age of the girl, to take their things again, and drop any prosecution.
 "This was before the late Act, giving powers to prosecute the abettors, had passed.
 "I know Franks, that is to say I have no earthly doubt of it, afterwards killed and
 "stole two fat sheep belonging to the same magistrate; but though there was
 "abundant proof, he would not prosecute; and I have no doubt Franks had been
 "in the habit of daily and nightly committing petty thefts on my property for these
 "ten years past, but I had not positive proof till the occasion alluded to. I had a
 "witness who saw him, the Sunday before he was committed, putting up the piece
 "of timber, as it is called, but it is properly a slab, but who was not before the ma-
 "gistrate; after he had been in prison, and near the time of his trial, his wife came
 "to my bailiff in great distress, and begged of him to intercede with me not to pro-
 "secute, saying she was well assured her husband had been brought to his senses
 "by his imprisonment, and she hoped and was sure it would be a lesson to him in
 "future, and had no doubt he would himself abstain from theft, and bring up his
 "family better for the future; and on this I applied to the gaoler, to know how he
 "had behaved in prison, and if he was ready to confess his guilt, and showed peni-
 "tence for his offence. I received a satisfactory letter as to his behaviour, and,
 "through my bailiff, told his wife, if he pleaded guilty, or was convicted, I would
 "endeavour to induce the court to pass as lenient a sentence upon him as
 "with propriety could be done; she then told him he was, and had been for many
 "years, a member of a benefit society, from which he would be expelled, if he
 "either pleaded guilty or was convicted; and having ascertained the fact to be
 "so, and finding the recognizances had been returned, I applied to the chairman
 "of the quarter sessions, to allow them to be discharged, under the circum-
 "stances above stated, in which I was not successful; the chairman very
 "properly stating to me, that the court could not look to collateral conse-
 "quences of a conviction, and that I must prosecute; I thereupon sent the
 "witnesses under recognizances, but countermanded the attendance of the solicitor
 "whom I had previously directed to prosecute, and of course no counsel was retained.
 "I also kept back the witness not under recognizance, who had seen Franks himself
 "putting up the slab in his garden two or three days before he was committed. In
 "fact I gave him every possible chance of an acquittal, wishing, for the above
 "reasons, it should take place. With respect to purchasing his house, I had for-
 "merly offered to do so, without effect. I afterwards exchanged a piece of land
 "with him and the owner of another cottage under the same roof, giving them, in
 "quantity, quality and situation, the advantage, as I gave them more and better
 "land adjoining their gardens, for an allotment inferior and less in quantity, on
 "a common at some little distance. About four or five years ago, I offered him
 "in exchange another house, &c. which he declined, and from that time to the
 "time of his coming out of gaol, I had never, directly or indirectly, treated with
 "him, or made any offer, or in any manner endeavoured to purchase his cottage.
 "I had bought another, which answered my purpose, and was indifferent about
 "either of those, otherwise than to get rid of a bad neighbour; and indeed,
 "when the other cottage under the same roof, and its garden, were sold by
 "auction, two years ago, which were more desirable to me than Franks's, I neither
 "attended in person, nor sent any one to bid for it, and refused to purchase
 "it on the terms asked by private contract. Since Franks has been released
 "from prison, he has expressed himself to my bailiff, and also to one other of
 "my servants, as I have been informed, grateful to the lenity shewn him, and through
 "the minister of the parish, expressed his readiness to let me have his cottage, if
 "I wished, whenever I would give him one of equal value in exchange. I have,
 "I believe, noticed all the material charges:—About cutting him off from the road
 "or footpath, I am at a loss to know what is meant. I can also add, he has
 "suffered

MR. KENRICK'S CASE.

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"suffered nothing in gaol, and has so stated, as well as different members of his family, to various persons, and complained of nothing on his return, except that his feet were somewhat sore, having *walked* (not being brought home by a neighbour) 16 miles in a hot day. I am very indifferent to the calumnies of the editors of newspapers, and should have treated this with the same contempt, by not noticing it, as I have before done those of the same paper, (laughing at them with the late editor, Mr. Perry, very heartily); but when, like the present, it attacks the most useful body of the community, as I believe, and endeavours to bring them into contempt, I feel it my duty to come forward and prosecute in such way as my counsel shall advise, and in their hands I shall leave it, without further notice.

" I am, dear Sir,

" Beaumaris,

" Your's truly,

" August 25, 1824."

" W. Kenrick."

And this deponent saith, that he, this deponent did, at the request of the said Russell Collet, expressed in the said letter so sent to this deponent as aforesaid, insert the said letter of the said W. Kenrick in his paper, called *The Stamford News*, omitting only the direct charges of felony so made therein against Franks, as set forth in the said letter, a true copy whereof is hereinbefore set forth.

John Drakard.

Sworn at Stamford, in the county of Lincoln, }
the 8th day of January 1825, }

Before me,

W^m Thompson, one of the Commissioners, &c.

Examined with the original affidavit on the
files of the court of King's Bench in my
custody,

Per Dealtry.

II.

FURTHER PAPER RELATING TO
MR. KENRICK'S CASE.

viz.

Copy of the Affidavit of *John Drakard*, containing
a Copy of Mr. Kenrick's Letter, referred to in
Mr. James's Affidavit, being one of the Affidavits
presented 17th June.

*Ordered, by The House of Commons, to be Re-printed,
17 February 1836.*

R E P O R T

FROM THE

SELECT COMMITTEE

APPOINTED TO TAKE INTO CONSIDERATION

THE PRESENT STATE OF

COMMERCIAL CREDIT,

And to report their Opinion and Observations
thereupon to the House.

(29th April 1793.)

*Ordered, by The House of Commons, to be Re-printed,
10 February 1826.*

THE REPORT - - - - - p. 3

THE APPENDIX - - - - - p. 12

R E P O R T.

THE SELECT COMMITTEE appointed to take into Consideration the present State of **COMMERCIAL CREDIT**, and to report their Opinion and Observations thereupon to The House;—

HAVE thought it incumbent on them, in proceeding to execute the orders of The House, to direct their attention to Three principal Points :

FIRST—Whether the difficulties at present experienced, or the probability of their continuance and increase, are of such urgent importance to the Public interest, as to require the interposition of the Legislature.

SECONDLY—On the supposition that such interposition should be deemed necessary, what is the most practicable and effectual Plan which can be adopted for giving relief.

THIRDLY—What Means can be suggested for preventing the renewal of similar inconveniences.

THE consideration of the First and Second Head appeared, in some measure, blended together; and the Third, though of great importance, appearing to be less urgent in point of time, Your Committee have thought it proper to submit to the House such considerations as occurred to them upon the Two First Points; reserving the latter for a separate Report.

Under the first of these heads, the notoriety of Failures to a considerable extent, the general embarrassment and apprehension which has ensued, a consideration of the necessary connection between different mercantile houses, and their dependence on each other, and the influence which the state of Commercial Credit must have upon the Trade, the Revenue, and general Interests of the Country, appeared sufficient, without minute examination, to satisfy Your Committee, that the present situation strongly called for an immediate and effectual remedy, if any practicable Plan could be suggested for that purpose.

In addition to this, the Committee had an opportunity of collecting, from several of their own Members, information grounded either on their general observation upon the subject, or on their own immediate and personal knowledge.

Your

Your Committee, understanding that some suggestions on this subject had been laid before the Chancellor of the Exchequer, on the part of several persons of great eminence and respectability in the City of *London*, were of opinion that a communication of these suggestions would be very material to the objects of their inquiry, with a view of ascertaining the opinion of persons of this description; both with respect to the necessity of some remedy, and to the particular mode in which it might be applied.

The CHANCELLOR of the EXCHEQUER, accordingly laid before the Committee, a Paper which had been delivered to him on the 23d instant, by the Lord Mayor and Mr. Bosanquet; which is inserted in the Appendix to this Report. He also stated to the Committee, the circumstances which had led to this Paper being drawn up:—That he had received representations from many different quarters, which induced him to believe, that the Failures which had taken place, had begun by a run on those houses who had issued Circulating Paper, without being possessed of sufficient Capital; but that the consequences had soon extended themselves so far as to affect many houses of great solidity, and possessed of funds ultimately much more than sufficient to answer all demands upon them; but which had not the Means of converting those Funds into Money, or Negotiable Securities, in time to meet the pressure of the moment—That the sudden discredit of a considerable quantity of Paper, which had been issued by different Banks, in itself produced a deficiency of the Circulating Medium, which in the ordinary course of things could not be immediately replaced; and that this deficiency occasioned material inconvenience in mercantile transactions—That in addition to this immediate effect, these circumstances also were represented to have induced Bankers and others to keep in their hands a greater quantity of money than they thought necessary in the usual train of business, and that large sums were thus kept out of circulation, and great difficulty arose in procuring the usual advances on Bills of Exchange, particularly those of a long date—That many persons were said to be possessed of large stocks of goods which they could not at present dispose of, and on the credit of which they could not raise money—That this occasioned an interruption of the usual orders to Manufacturers; which circumstance, together with the interruption of the means by which they were enabled to make their weekly payments, tended to prevent the employment of a number of persons engaged in different manufactures—That these evils were represented as likely rapidly to increase to a very serious extent, if some extraordinary means were not adopted to restore Credit and Circulation—That in consequence of these Representations, he had desired a meeting of different gentlemen, in order to obtain the best information in his power, respecting the extent of the evil, and the possibility and propriety of any measure to remedy it—That after much discussion, all the gentlemen present seemed to agree in a very strong opinion of the extent of the evil, though many objections at first occurred to any Plan for remedying it—That in the result, it was agreed to desire the gentlemen, whose names were mentioned in the Paper now delivered, to meet the next day at the Mansion House, to consider more particularly the proposal for the issue of Exchequer Bills, to a certain amount, to be advanced, under proper Regulations, for the accommodation of such persons as might apply for the same, and likewise the objections to which such a proposal might be liable; and, That the Paper which he had laid before the Committee, contained the opinion of this Second Meeting.

The CHANCELLOR of the EXCHEQUER also gave an account to the Committee of an application that had come within his knowledge, for the accommodation and support of a house connected with a very important manufacturing district; that
the

the sum wanted for the support and accommodation of this house was comparatively small, and the security proposed, as he had understood from very good authority, was admitted to be unquestionable; but that the application had hitherto been ineffectual.

The LORD MAYOR informed the Committee, That in conformity to the Statement mentioned by the Chancellor of the Exchequer, eleven gentlemen met at the Mansion House on the 23d, selected principally from that part of the preceding meeting, who had expressed the greatest difficulties in finding out a remedy; and after a long discussion upon the subject, they unanimously were of opinion, that the interposition of Parliament was necessary, and that an issue of Exchequer Bills, under certain regulations and stipulations, was the best practicable remedy.

Your Committee also received information from Mr. THORNTON, Mr. Alderman ANDERSON, and Mr. CHISWELL, Members of this Committee, with respect to instances which had fallen under their personal observation, to the following effect:

Mr. THORNTON represented, That he was at this time acquainted with the situation of five or six mercantile houses, who were in the possession of large quantities of goods, the produce of which would give them effectual relief; but that owing to the stagnation of trade, and the impossibility of converting these goods into money, the houses in question were under very great apprehension of being shortly obliged to stop payment.

He informed the Committee, That he was lately appointed a trustee for liquidating the concerns of a house in *London*, with extensive connections in the country; that had been obliged to suspend its payments—That after the intervention of about three weeks it had been enabled to pay its acceptances, and within twelve months would discharge all its debts, and that the partners had a reasonable expectation of retaining a surplus of one hundred thousand pounds; and if they had had the opportunity of raising only a moderate sum of money on the securities which they held, the calamity that befel them and their connections might have been averted.

Mr. ALDERMAN ANDERSON informed the Committee, That it had fallen under his own personal knowledge, that seven mercantile houses, of known and undoubted property, and with a large quantity of goods on hand, now not saleable, are brought to very great distress from the scarcity of money, and will not be able to make good their payments, if not assisted; which would prove of very serious consequence to many other merchants and manufacturers, to whom they stand indebted.

Mr. CHISWELL stated, That the present mercantile distress arose from an alarming stagnation of credit, which on his knowledge had reduced eight houses of known and large property to stop their payments—That he also knew others of the same description who have had temporary assistance from him and others, but which will be ineffectual, if they are not further relieved in a short time. He also stated, that various applications had been made to him from different houses of undoubted and very considerable capitals, which in ordinary times, or even in times of pressure, he would have assisted; and that he is now only withheld by the uncertainty to what extent the mischief may increase from the present unexampled general alarm and want of credit. He also farther stated, that if those houses were not assisted, the consequence would be, the immediate failure of many others of good credit and fortune dependent on them.

Your Committee understanding that Mr. GILBERT INNES, a Director of the Royal Bank of *Scotland*, was at present in *London*, desired his attendance; and received information from him to the following effect:

That as a Director of the Royal Bank of *Scotland*, he has had many occasions to judge of the present state of Commercial Credit in *Scotland*.

That the country is in very great distress; and the two chartered banks will not be able much longer, with prudence to themselves, to furnish the accommodation and support necessary to different mercantile and manufacturing houses, nor to the country banks; and if something is not immediately done by government, a very general failure may be expected, and that many houses with undoubted effects, and who would ultimately pay all demands against them, will be involved, unless they can obtain a temporary relief.

There have been several failures, and a very considerable one lately, which is connected with manufacturers who may ultimately be involved, and where seven or eight hundred persons are now employed.

The effect of these failures, in his opinion, must occasion many manufacturers to be thrown out of employment, and he has heard some were already dismissed; and such is the pressure of the times, that the distress, if not ruin, of several principal manufacturing houses may ensue. Many manufacturers would have been dismissed but for the liberal support their employers have received from the Royal Bank; but that assistance cannot, without imprudence, be continued without extraordinary aid.

This prospect of distress to the manufacturers, in his opinion, arises not so much from a failure of the usual markets for the goods, as from the difficulty in discounting, in *London* and in *Scotland*, the long-dated bills received for the goods.

Great quantities of manufactured goods belonging to manufacturers in *Scotland*, are now in *London*, for which, when sold, bills are granted for a small part at three months and the remainder from six to fourteen months, the greatest part of which goods have been formerly sold for long-dated bills, but are not so now from the difficulty of obtaining discounts; and he has heard manufacturers say, they were willing to sell their goods with a considerable loss to obtain relief, by sales for ready money.

Manufacturers frequently borrow money for the purposes of their trade on personal bonds, great part of that money has been called for at Whitsunday next, (15th May;) and from the state of credit in *Scotland*, he has reason to think the manufacturers will not be able to answer these demands by borrowing on the former securities.

The manufacturers keep as little stock in their warehouses as they can, and as fashion varies, he should think the mercantile interest would be more benefited by depositing the raw materials on pledge than the manufacturer, who, however, might indirectly be benefited by the advance.

He certainly thinks that Paper issued on Government security, and advanced upon the deposit of goods, or other unquestionable private security, would, when properly understood, be a material relief in the present distress of *Scotland*; and he has no doubt several persons might be found to concur in giving a joint security for the support of copartnerships, with perfect safety to the Public.

He

He believes the quantity of Paper circulated by the country banks has of late been considerably diminished, and their discounts on bills of exchange greatly so, since these troubles began. With regard to the Royal Bank, the circulation is nearly the same, and the assistance given to the country greatly superior to what it has given at any former period.

In addition to these Statements, Your Committee, when they were on the point of concluding their Report, had the opportunity of receiving further information from Mr. MACDOWALL, a Member of this House; who stated, That he is representative in Parliament for the city of *Glasgow*, from whence he had this morning returned, and that he had there found all the commercial houses and manufactures in the greatest distress from the late stagnation of Commercial Credit, and total want of private confidence.

The present distress does not appear to him to arise from a want of property or funds, but from the stop which has been lately put to discounting bills at any of the Glasgow, Paisley, or Greenock Banks, who have not for some time past discounted to any extent, from their notes being poured in upon them for gold, and from the alarm which the present situation of credit in London has occasioned.

The manufacturers have plenty of goods on hand in London and in Glasgow, which they cannot sell but at so reduced a price, as renders it perfectly absurd for them to think of disposing of their goods, in order to obtain immediate relief. The manufacturers, and those who have cotton mills, have begun to discharge the workmen employed by them during the last fortnight; and by a letter received from the Lord Provost of Glasgow by him this morning, he learns that the manufacturers have discharged a very great number of workmen. There are employed in Glasgow, Paisley, and their dependencies, in different parts of Scotland, about 160,000 men, women and children. Any relief to be administered, must be given immediately to render it effectual.

The result of the information thus obtained, confirms Your Committee in the general impression which they have already stated, and seems to preclude the necessity of requiring further evidence as to the extent of the evil, and the necessity of a remedy; and the urgency of the occasion appears to render it highly desirable to avoid all unnecessary delay.

Your Committee, therefore, think it proper to state what has occurred to them under the Second Head of Inquiry, without detaining the House by observations of any considerable length, on circumstances which appear of themselves sufficiently clear and forcible. They think it, however, material to remark, that if the present distress were confined in its effects to individuals, however they might regret the extent of private calamity, they should not consider the case as justifying an extraordinary public interposition; much less should they recommend such a measure, if the pressure had been felt only by houses of doubtful credit, or who had suffered from the consequences of rash and unwarrantable speculations: but it appears to Your Committee, that the embarrassments arising from the want of credit, have already affected houses of undoubted solidity and sufficient ultimate resources; and that there is too much reason to apprehend that these embarrassments may extend in a degree which no individual exertions can counteract, with sufficient expedition and certainty, to prevent consequences of the most serious national importance.

IN

IN proceeding to examine the Second Head of Inquiry, it was on every account a great satisfaction to Your Committee, to have the advantage of the suggestions contained in the Plan, which had been delivered to the Chancellor of the Exchequer, and which has been already referred to.

On the best consideration which Your Committee could give to the subject, the principal objects to be attended to in any measure for affording relief, appeared to be, to enable those who have securities ultimately good, but which would not be available till too distant a period, to receive such advances as might enable them to support the pressure to which they might be exposed in the interval. To furnish some medium of circulation, which might either directly or indirectly replace the quantity of currency suddenly withdrawn; and, by the effect of these measures, to afford such assistance to individuals as might revive confidence and credit.

Such a measure, under proper regulations, appears to be capable of producing, very rapidly, an effect far beyond the amount of the sum directly advanced, by setting at liberty, and restoring to circulation, sums to a much larger amount, which are rendered in a manner useless by the present stagnation: It appeared to Your Committee, that this object could not be effectually attained but by Advances issued under the authority, and resting upon the security of the Public.

In adopting such a measure, it is obviously necessary to keep in view, that the assistance to be given must be considered as merely temporary, and arising out of the very peculiar circumstances of the case, and also to establish such regulations as may prevent, as far as possible, the accommodation intended to be afforded from being applied to any persons but those who, on the one hand, stand in need of it from a real pressure arising out of the present circumstances; and on the other, can give sufficient security for the repayment of it. The latter circumstance is entitled to peculiar attention, for the purpose of confining this accommodation to the description of persons to whom alone it can be permanently useful, or can be afforded with safety to the Public.

Another consideration of equal importance is, that it should be so regulated as to furnish the opportunity to individuals to render their own exertions ultimately effectual, without at the same time giving such a degree of facility to their transactions, as might lead to a relaxation or suspension of those exertions.

The next material object which suggests itself, is to provide, as far as the nature of the case will permit, that the distribution of this assistance should be conducted in such a manner as may best secure the safe and impartial application of it.

On a consideration of the Plan above referred to, it appears to Your Committee, that it contains the outline of provisions adapted to all these objects; they have therefore made it the basis of the proposal which they think it their duty to suggest to the House, and have added such observations as appear to them to be necessary, upon any of the particular points, in the order in which they occur in the Plan.

With respect to the amount of the sum to be issued, the Committee are of opinion, that it will be advisable to extend it to £. 5,000,000, instead of £. 3,000,000, as originally suggested. They are induced to do so, not only from wishing to leave a considerable latitude, in order the better to insure that the relief proposed shall be effectual, but also from having thought it right that the advances should be made on the deposit of goods in certain principal out
ports,

ports, as well as in London, and from having had under their consideration the information received with respect to Scotland.

The interest to be allowed on the Exchequer Bills proposed to be issued, ought, in the opinion of the Committee, to be fixed at two-pence half-penny per cent. per day (being at the rate of about £. 3. 16s. per cent. per annum) instead of two pence per cent. per day, which would be only about three per cent per annum; and they have been informed, that the gentlemen who originally suggested the Plan, concur in the propriety of this alteration. The Committee approve of the principle on which a difference has been proposed to be made between the rate of interest to be allowed on the Exchequer Bills, and that of £. 5 per cent, which, according to a subsequent part of the Plan, is proposed to be paid to the Public by the parties to whom the Advances shall be made: they conceive this to be expedient, not so much because the difference will furnish a fund for defraying the expense of the commission, as because it has a tendency to prevent any persons from taking advantage of this accommodation, who are not of the description intended to be assisted. The difference, however, between £. 3. 16s. and 5l. per cent, together with the chance of some discount on these Exchequer Bills, even at the increased rate of interest, seems sufficiently to secure the object last stated, without rendering the terms of the proposed assistance more disadvantageous than is desirable.

The Committee are of opinion, that the Exchequer Bills should be made out in sums of £. 100 and of £. 50; and, possibly, some proportion of them in sums of £. 20.

The periods fixed for the discharge of the Exchequer Bills in equal proportions, appear to be highly expedient, with a view to the object before described, of affording means "to individuals to render their own exertions ultimately effectual, "without at the same time giving such a degree of facility to their transactions, "as might lead to a relaxation or suspension of those exertions."

It may deserve consideration, whether some provision should not be made to enable persons to repay the sums advanced to them, at an earlier period than they originally stipulated.

With respect to the appointment of Commissioners, the manner of selecting proper persons for that purpose must remain for the consideration of Parliament, if the measure in contemplation should be adopted; but the Committee are inclined to think, that the number to be appointed should not exceed Twenty; and they have reason to believe that respectable persons will be found who will give the Public the benefit of their services, without receiving any emolument.

An augmentation has been already suggested of the total amount of Exchequer Bills to be issued, but an issue of one-fourth part of this augmented sum in the first instance, instead of one-half of the sum originally proposed, may, it is conceived, be sufficient, as there will be the means of making further issues in case of necessity.

The Security on the deposit of goods, which in the plan is confined to goods actually in London, may, in the opinion of the Committee, be safely and properly extended to a few other principal ports: Bristol, Hull, and Liverpool, may be sufficient in *England*; and Leith and Glasgow in *Scotland*. Subject to this alteration, the Committee agree in the propriety of confining the Advances to the species of security, and in the proportion stated in the Plan, for the purpose already

mentioned, of confining the aid to those instances where it may be safely and usefully given.

With respect to the apportionment of the sums to be advanced, it would have been very satisfactory to the Committee, if it had appeared possible to subject it before hand to fixed rules ; but, upon the fullest consideration, they are decidedly of opinion, that from the nature of the subject, it is impossible to frame any rules which will be found applicable to the various cases which must occur, without such a knowledge of those cases, and of the nature, circumstances, and amount of the different demands, as can only be obtained from the applications to be brought under the consideration of the Commissioners.

The nature of the Securities being already fixed, and the proportion of the Advances limited, the regulation of further details must, it is conceived, be left to the judgment of the Commissioners ; but it appears at the same time highly expedient, that they should be required, as proposed, to take the earliest opportunity of laying down general rules for their own guidance, which should never be deviated from in particular cases, but be subject to revision, on general grounds, as occasion may require.

The power proposed to be given to the Board to administer oaths, ought to apply to any person who may be willing to be examined as to any points depending before them ; and a proper oath of office ought also to be taken by the Commissioners, and such of their officers as they may think fit, before they enter upon the execution of their duty.

Your Committee having thus stated the different observations which occur to them on the particular parts of the Plan, they have only to recapitulate the result which they think it their duty to submit to the consideration of the House.

First, That power be given to issue Exchequer Bills to an amount not exceeding £.5,000,000, in sums of £. 100, £. 50, and £. 20, to bear an interest of two pence half-penny per cent. per day ; and to be payable one fourth part on the 31st day of August next, one fourth part on the 30th of November next, one fourth part on the 28th of February 1794, and one fourth part on the 31st of May 1794.

Secondly, That Commissioners should be appointed, for the purpose of advancing these Exchequer Bills, under certain regulations, for the accommodation of such persons as may apply for the same ; to act without fee or reward, to take an oath for the due execution of the trust, to have power to appoint the necessary officers, to administer oaths, and to apply such sums as may be requisite for defraying the expenses of executing the commission ; for which purpose the Commissioners of the Treasury should advance such sums as may be necessary.

Thirdly, That immediately after the passing of the Act, one fourth part of the Exchequer Bills shall be issued, on the requisition of the Commissioners, to the persons to whom they shall think proper to advance the same, in the manner after directed.

Fourthly, That the Commissioners shall be at liberty to advance such Exchequer Bills, to the persons applying for the same, in equal proportions of bills, payable at the different periods before mentioned, on the security of goods to be deposited in the custody of officers to be named by the Commissioners in *London, Bristol, Hull, Liverpool, Leith or Glasgow*, or on such personal securities of a given number of persons, as shall be satisfactory to the Commissioners, such securities

securities to be given in a form to be prescribed for that purpose, and to be made binding on the persons giving the same, to the amount for which each person shall respectively make himself security.

These Advances in no case to be more than £. 50 per cent on the value of the securities, and to be less at the discretion of the Commissioners, and to be made on condition that the sums so advanced shall be repaid with interest at the rate of £. 5. per cent. per annum, fifteen days before the date when the respective Exchequer Bills shall fall due, or earlier, at the option of the parties.

Fifthly, That, immediately after the passing of the Act, the Commissioners shall receive and open all such applications as shall be then made to them, specifying the amount of the advance desired, and the particulars of the security; that they shall proceed to class the said applications, according to the amount respectively applied for, the security offered, and the circumstances, situation, and connections of the parties; and shall then frame general regulations for apportioning the sums to be advanced, with a view to the points before specified, as well as to the total amount of the sum applied for, and such other considerations as they shall think material, by which regulations they shall be guided in their decision on particular cases, but which they shall be at liberty to revise on general grounds, as occasion may require; that they shall proceed to apportion and advance such part as they shall think necessary of the Exchequer Bills then at their disposal, to an amount not exceeding £. 1,250,000. as before specified; and if the applications first made shall be for less than that amount, shall in like manner be at liberty, from time to time, to make further advances on fresh applications.

Sixthly, That if upon consideration of the total amount of the sums applied for, and of the nature of the applications, it shall at any time appear to the Commissioners that further advances beyond the sum of £. 1,250,000 may be advisable, the Commissioners of the Treasury shall be enabled, on their requisition, to authorize the advance of any proportion of the remaining Exchequer Bills, to such an amount, and at such times, as shall be found expedient; and that the Commissioners shall from time to time by public notice, fix the periods for receiving applications, for framing general regulations, and for apportioning the advances to be made.

Seventhly, That on failure of re-payment at the limited times of the sums advanced, the Commissioners shall be authorized to sell by public auction so much as may be necessary of the goods on the deposits of which such sums shall have been advanced, or to proceed against the persons who have given security for the same.

Eighthly, That all the monies which shall be repaid from time to time by the parties to whom advances shall have been made, or which shall, in case of default, be recovered by the Commissioners, shall be placed in the Bank, where a distinct account shall be kept of the same; that these monies shall be applicable to pay the principal and interest of the Exchequer Bills, at the times limited for paying the same respectively; and the surplus, if any, after the 31st of May 1794, shall be applicable, in the first instance, for the purpose of replacing the sums issued for defraying the expense of the Commission, and the remainder as Parliament shall direct.

29th April 1793.

A P P E N D I X.

IN consequence of a meeting of Gentlemen convened on Monday the 22d of April, at Mr. Pitt's house, where an opinion generally prevailed, that it would be of considerable benefit to the commercial interest of this country, if any means could be devised to revive public credit, and restore confidence;

The Lord Mayor, at the desire of the Chancellor of the Exchequer, assembled the following gentlemen the next day at the Mansion house, (who were of opinion, that the following were the outlines of a Plan which would be of essential service, if carried into execution ;) viz.

Lord Mayor, Alderman Anderson, Mr. Bosanquet,	}	{ Mr. Forster, { Mr. Baring, { Mr. Chiswell, { Mr. Thornton,	}	{ Mr. Harman { Mr. Winthrop, { Mr. Boddington, { Mr. Hunter.
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That Parliament should order an issue of Exchequer Bills, bearing an interest of 2*d*. per cent. per day, to the amount of £. 3,000,000, to be made out in sums of £. 100 and £. 50.— $\frac{1}{4}$ to be discharged on 31st August— $\frac{1}{4}$ on 30th November— $\frac{1}{4}$ on 28th February 1794— $\frac{1}{4}$ on 31st May :

That a Committee of proper persons be appointed in the Bill to be brought into Parliament, as a Board for the management of this concern, and to lend out these Exchequer Bills for the relief of the commercial part of the kingdom :

That the Lords of the Treasury do issue one-half of the above Exchequer Bills to the afore-mentioned Board, who shall lend the same as money, in equal proportions of each sort of the Bills, to such persons as shall apply for the same, on the following Securities, and under the following Conditions ; viz.

As to the Securities :

On goods to be deposited in the hands of officers appointed by the Board, and which goods must be actually in London.

On securities arising from the joint concurrence of a number of persons of property uniting and subscribing for the support of any particular house or town.

As to the Conditions :

That in no case more than fifty per cent. on their estimated value be advanced on any of the above securities, but less may be at the discretion of the Board ; and on the conditions that all persons applying for assistance shall be bound, besides depositing the securities, to repay to the Board the money advanced, together with interest for the same, after the rate of five per cent, fifteen days before the date of the respective Exchequer Bills they may receive shall fall due.

That it shall be in the discretion of the Board to determine to how large an amount each party may be accommodated ; and in determining the amount of Advances, the Board to be directed by an attention to the extent of all the demands, and the nature of the trade in which each party is engaged.

That

That to enable the Board to form some general standing regulations for the guidance of their minds in making this apportionment, at the very first outset, it may be advisable for the Chancellor of the Exchequer, as soon as the Bill shall have been brought into Parliament, and shall have received the first reading, to nominate a proper person to receive all letters that shall be sent sealed up, superscribed as containing the proposals of such parties as may wish for relief, and stating the specific securities proposed to be pledged. All these letters to be kept by him sacredly unopened; and as soon as the Bill shall have received the Royal Assent, the Board to meet and open these letters, and apportion amongst the claimants four-fifth parts of the sum which shall have been issued to the Board, and reserving the other one-fifth part to answer such occasional calls as may be made afterwards.

In case on opening these letters the sum thought proper to be advanced should be found to amount to a greater sum than the Board is enabled to apply, it would be advisable to give power to the Chancellor of the Exchequer, on consultation with the Board, to cause the whole or any part of the remainder of the bills, in his discretion, to be issued to the Board.

It will be necessary for the Board to employ an able Solicitor to give advice, also some eminent Brokers to look at the goods, and Clerks to enter all their transactions, which will certainly be multifarious; and it must also open a Cash account at the Bank, into which all monies received must be paid, and which must lie there till issued to the Exchequer in discharging the bills as they become due.

The difference between the rate of interest to be paid and what is granted on the Exchequer Bills will amply pay all these charges and any other attendant ones, and the surplus to be at the disposition of Parliament.

The Board must be authorized to administer oaths to all persons applying for assistance.

And the Exchequer Bills should be framed in such a manner as to leave in blank the day on which the interest of each respectively is to commence, that the same may be filled up by direction of the Board at the time of issuing them to the Public.

If the goods are not redeemed at the time agreed on, power to be given to the Commissioners to advertize the goods to be sold at public auction; and to proceed by regular course of law for recovery against parties associating under the second head of securities.

A clause in the Bill to be inserted to facilitate and expedite the transfer of property, cutting short the matter of form, and Commissioners to execute their charge without any fee or reward; but some money must be issued from the Exchequer to pay expenses in the first instance, and Commissioners should be invested with full discretionary powers.

23 April 1793.

REPORT from the SELECT COMMITTEE
appointed to take into Consideration the
present State of COMMERCIAL CREDIT, and
to report their Opinion and Observations
thereupon to The House.

(39th April 1793.)

*Ordered, by The House of Commons, to be Re-printed,
10 February 1826.*

R E P O R T S

FROM THE
COMMITTEES OF SECRECY,
(1797)

On the Outstanding Demands of the
BANK OF ENGLAND :

VIZ.

— I. —

FIRST REPORT - - - - dated 3d March 1797 :

— II. —

SECOND REPORT - - - - dated 7th March 1797 :

— III. —

THIRD REPORT - - - - dated 21st April 1797 ;

AND

— IV. —

REPORT from Committee on the Restriction of Payments in Cash
by the Bank - - - - dated 17th November 1797.

*Ordered, by The House of Commons, to be Re-printed,
13 February 1826.*

FIRST REPORT	-	-	3d March 1797	-	-	-	-	-	p. 3.
SECOND REPORT	-	-	7th March 1797	-	-	-	-	-	p. 4.
THIRD REPORT	-	-	21st April 1797	-	-	-	-	-	p. 5.
Minutes of Evidence to ditto	-	-	-	-	-	-	-	-	p. 12.
Appendix to ditto	-	-	-	-	-	-	-	-	p. 85.
REPORT on Bank Restriction, 17 November 1797	-	-	-	-	-	-	-	-	p. 119.

I.

**First REPORT from the Committee of Secrecy on the
Outstanding Demands of The Bank of England.**

THE COMMITTEE appointed to examine and state the total Amount of Outstanding Demands on The **BANK of ENGLAND**, and likewise of the Funds for discharging the same; and to report the result thereof to The House, together with their Opinion on the necessity of providing for the Confirmation and Continuance, for a Time to be limited, of Measures taken in pursuance of the Minute of Council on the 26th of February last; and who are empowered to report their Proceedings from time to time to The House;—

HAVE, pursuant to the Order of the House, proceeded to examine into the several Matters referred to their Consideration, and have unanimously agreed upon the following REPORT; viz.

YOUR Committee have examined the total Amount of Outstanding Demands on the Bank of England, and likewise of the Funds for discharging the same; and think it their duty, without loss of time, to state those total Amounts, and to report the result thereof to the House.

Your Committee find, upon such examination, that the total Amount of Outstanding Demands on the Bank, on the 25th day of February last (to which day the Accounts could be completely made up) was £.13,770,390; and that the total Amount of the Funds for discharging those Demands (not including the permanent Debt due from Government of £.11,686,800, which bears an interest of Three per cent.) was on the same 25th day of February last £.17,597,280; and that the result is, that there was on the 25th day of February last, a Surplus of effects belonging to the Bank beyond the Amount of their Debts, amounting to the sum of £.3,826,890, exclusive of the above-mentioned permanent Debt of £.11,686,800 due from Government.

And Your Committee further represent, that since the 25th of February last considerable Issues have been made by the Bank in Bank Notes, both upon Government Securities and in discounting Bills, the particulars of which could not immediately be made up; but as those Issues appear to Your Committee to have been made upon corresponding securities, taken with the usual care and attention, the actual Balance in favour of the Bank did not appear to Your Committee to have been thereby diminished.

3 March 1797.

II.

SECOND REPORT.

THE COMMITTEE appointed to examine and state the total Amount of Outstanding Demands on The **BANK of ENGLAND**, and likewise of the Funds for discharging the same; and to report the result thereof to The House, together with their Opinion on the necessity of providing for the Confirmation and Continuance, for a Time to be limited, of Measures taken in pursuance of the Minute of Council on the 26th of February last; and who were empowered to report their Proceedings from time to time to the House;—

HAVE further Examined into the several Matters referred to their Consideration; and have agreed to report to the House,—That, in their Opinion, it is necessary to provide for the Confirmation and Continuance, for a Time to be limited, of the Measures taken in pursuance of the Order of Council on the 26th of February last; submitting to the Wisdom of Parliament to determine for what limited Time it may be necessary that those Measures should be continued.

7 March 1797.

III.

THIRD REPORT.

THE COMMITTEE of SECRECY, appointed to examine and state the total Amount of Outstanding Demands on The BANK of ENGLAND, and likewise of the Funds for discharging the same; and to report the result thereof to The House, together with their Opinion on the necessity of providing for the Confirmation and Continuance, for a Time to be limited, of Measures taken in pursuance of the Minute of Council on the 26th of February last; and who were empowered to report their Proceedings from time to time to The House; and who were instructed to inquire into the necessity of issuing the Minute of Council of the 26th of February, and to report their Opinion to The House concerning such necessity, and what should appear to them to have been the causes which produced the same;—

HAVING reported upon the Two first objects of their Inquiry, have, pursuant to the Instruction given them by the House, proceeded to inquire into the Necessity of issuing the said Minute of Council; and Your Committee find,

THAT the Cash and Bullion in the Bank, having been considerably reduced between the month of June 1795 and the 21st of February 1797, were on that day in so low a state, as to induce the Directors of the Bank to lay before the Chancellor of the Exchequer the precise Amount, together with their apprehensions of its being still further reduced; in order that he might take such measures as might be thought most advisable for the public interest.

It appears to Your Committee, that between that day and the 26th of February, the drain on the Bank for Cash increased in a still more rapid and alarming proportion; and that supposing such drain should continue to operate (and still more so if it should increase) Your Committee are of opinion, that there was strong reason to apprehend, that the Bank might, in the course of a few days, not only be prevented from affording the usual and necessary supply of Cash for the Public Service, but ultimately be totally disabled from continuing its payments in Cash, in the ordinary course of its business; and that by a further reduction to any considerable amount, the danger to the Public would have been greatly increased, and it might have become much more difficult to reinstate the affairs of the Bank, and restore the general circulation of the kingdom; that there was no reason to suppose that the drain would, on the ensuing Monday and following days, be in the least diminished, but rather that it would have been considerably augmented; that no means were suggested by the Directors of the Bank for preventing the danger which was apprehended, nor did any such occur to them at the time, or have since been suggested to this Committee; and it therefore appears to Your Committee, that no measure could then have been taken, which

would have prevented such danger, other than the suspension of payments in Cash, required by the Minute of Council : Your Committee are therefore of opinion, that on the 26th of February there did exist a necessity for issuing the Minute of Council of that date, though at the time not warranted by law.

Your Committee having thus reported to the House their opinion concerning such Necessity, have next proceeded to inquire into the Causes which might appear to them to have produced the same : These, being undefined in their nature and extent, and not easily admitting of any limitation, have led Your Committee into investigations, the detail of which, subject to some restrictions hereafter explained, will be found in the subsequent part of this Report, and the Appendix thereunto annexed.

In order, however, to comply, as far as they are able, with the instructions which they have received, Your Committee have in the first place directed their attention to such causes as appeared to them most capable of being ascertained, from their immediate and sensible effect upon the state of Cash in the Bank.

They find it agreed, that whatever were the causes which operated to reduce the Cash and Bullion in the Bank to the state in which they stood at the beginning of February last, the operation of those causes, being, from their nature as well as actual effect, gradual and progressive, might perhaps have ceased or been counteracted. But Your Committee find, that subsequent to the period last adverted to, a new cause of drain on the Bank suddenly came into action, with sufficient violence to produce the necessity in question, even under the operation of any measures, which could from that time have been applied to prevent it.

The alarm of Invasion, which, when an immediate attack was first apprehended in Ireland, had occasioned some extraordinary demand for Cash on the Bank of England, in the months of December and January last, began in February to produce similar effects in the north of England. Your Committee find, that in consequence of this apprehension, the farmers suddenly brought the produce of their lands to sale, and carried the notes of the Country Banks, which they had collected by these and other means, into those banks for payment ; that this unusual and sudden demand for Cash reduced the several Banks at Newcastle to the necessity of suspending their payments in specie, and of availing themselves of all the means in their power of procuring a speedy supply of Cash from the Metropolis ; that the effects of this demand on the Newcastle Banks, and of their suspension of payments in Cash, soon spread over various parts of the country, from whence similar applications were consequently made to the Metropolis for Cash ; that the alarm thus diffused, not only occasioned an increased demand for Cash in the country, but probably a disposition in many to hoard what was thus obtained ; that this call on the Metropolis, through whatever channels, directly affected the Bank of England, as the great repository of Cash, and was in the course of still further operation upon it, when stopped by the Minute of Council of the 26th of February.

Your Committee further observe, that, as the Directors of the Bank had, previous to the actual existence of the alarm, lessened the amount of their discounts, so as to have reduced them, by the 25th of February, one fourth of the sum at which they stood at the beginning of the present year, and as the restriction of the accommodation afforded by them to individuals produced a similar decrease in the amount of discounts by private bankers, the joint effect of this diminished accommodation to the Public, at a time when the circumstances above-mentioned, and others to be hereafter adverted to, seemed to require an increase of it, must necessarily have been an additional embarrassment in commercial and pecuniary transactions, tending to increase the demand for Cash on the Bank.

Your Committee are therefore of opinion, that the immediately efficient cause, operating upon the affairs of the Bank, at the period and in the manner above stated, which produced the necessity of the Minute of Council of the 26th of February, was the alarm existing under all the circumstances before referred to.

In

In investigating the more remote causes, which might have operated to reduce the Cash and Bullion in the Bank to the state in which they stood at the beginning of the period above referred to, and which might have contributed to increase the effect of the alarm which then took place, Your Committee have collected a great variety of statements and opinions, and have submitted to the House, in this Report and Appendix, the whole Evidence adduced before them, with the exception only of such statements, connected with the internal management of the Bank, or the private concerns of individuals, as could not, in the opinion of the Committee, with propriety and safety be made public.

Your Committee have thought proper to make the general dealings of this country with other countries an object of their inquiry, in order to ascertain their probable effect upon the augmentation or diminution of Bullion and Specie in the kingdom: They have for this purpose taken a view of the Exports and Imports of the country, and adverted to the general course of Exchange with foreign countries; they have examined the Inspector General of imports and exports, from whom they have obtained a statement, from whence it may be collected, that the balance of trade in favour of this country has, during the war, very greatly increased, so as in each of the years 1793, 1794, 1795, and 1796, to have amounted, upon an average, to about £.6,500,000, creating a balance on the whole of about twenty-six millions, notwithstanding the diminution of the general balance by the sums paid for the great importation of corn, occasioned by the extraordinary scarcity which lately prevailed, and encouraged by large bounties, to an extent much beyond the ordinary scale of commerce in that article.

From a review of the Course of Exchange, particularly with Hamburgh, which the events of the war have rendered a principal object of attention, it appears, that in the month of May 1795, the Course of Exchange with Hamburgh was reduced to such a rate, as, in the opinion of persons most conversant with the subject, rendered the export of Bullion from this country a profitable traffic.

That it so continued till March 1796, when it rose above the rate at which such export could be profitable, and towards the end of February last rose so high as to be favourable to the import of Bullion, and has since, in a greater or less degree, so continued.

Your Committee have next adverted to the situation of the Country at the commencement of the War, in order more correctly to estimate the effects of the war on the general state of Cash and Bullion within the kingdom.

It appears that the embarrassments, which arose early in the year 1793, are to be attributed to temporary causes, which are detailed in the Report of the Select Committee appointed in that year, particularly the want of a circulating medium, produced by the discredit of a great quantity of Country Bank notes; and that from the circumstance of the distress being relieved by the loan of Exchequer Bills, all of which were duly re-paid, there was not a deficiency of Cash at that time in the kingdom.

It further appears, that although in the beginning of the year 1793, the Cash and Bullion in the Bank were reduced very much below their ordinary amount, yet the quantity of foreign gold, purchased by the Bank in the year 1793, very greatly exceeded the quantities purchased in the three preceding years; and the quantity of English coin purchased by the Bank in the same year was also considerable; so that, long before the close of the year, the quantity of their Cash and Bullion was raised to an amount much above what has been deemed necessary for their ordinary purposes, and above the amount at which it had been during any part of the year 1792.

It also appears, that although extraordinary quantities of Bullion were exported in the years 1792 and 1793, yet the Cash and Bullion in the Bank increased early in the year 1794, and during the whole of that year exceeded the amount of their Cash and Bullion during any part of the year 1792.

Your Committee have next proceeded to inquire what Causes, since the close of the year 1792, may have contributed to draw Cash and Bullion out of the country, or prevent the influx of them into it. The first that have occurred to the Committee are, the expenses incident to the war, and other expenses abroad, which are set forth in the Appendix to this Report, as far as the same could be made out; from whence it appears, that the amount of those expenditures is about £.32,810,977, of which sum about £.15,700,000 appears to have been expended in Europe, and the remainder in other parts of the world.

For the purpose of discovering how far these several articles of expenditure and advance have collectively contributed to draw Bullion from the country by actual exportation, Your Committee have procured an account of Bullion exported, exclusive of Ireland, in the years 1790, 1791, 1792, 1793, 1794, 1795, and 1796, which is set forth in the Appendix: This account is probably correct with respect to the quantity of Bullion and of Foreign Coin exported; but as the Current Coin of the kingdom cannot lawfully be exported, probably clandestine exportation may have taken place; and persons going out of the kingdom may also have taken with them both Foreign Coin and Current Coin to a considerable amount, to answer their immediate expenses. One cause of exportation of the Coin of the kingdom has possibly been the superior price for which Gold, during some periods of the War, has been sold at Hamburgh and elsewhere, which made the exportation of the Current Gold Coin melted into bars, or in its state of coinage, a profitable commerce.

Your Committee have obtained accurate information of the Remittances made for Loans and Advances to the Emperor, the particulars of which are stated in the Appendix; and Your Committee find, that part of the Loan of £.4,600,000, negotiated in 1794 and 1795, was remitted in Bullion, part of it in Gold, to the amount of about £.150,000, consisting principally of Louis d'Or, and the remainder, about £.1,043,000, in Silver, chiefly Spanish Dollars: It appears that the greatest part of this Bullion was purchased of the Bank, and that the whole was purchased through the intervention of the confidential Broker of the Bank, and was sent to Germany at different times, between the 9th of September 1794 and the 11th of February 1796; that the rest of that Loan was remitted in Bills of Exchange; and that the Advances made by Government to the Emperor, and other Foreign Princes, in 1796 and 1797, were entirely remitted by Bills of Exchange, no part having been remitted in Cash or Bullion.

It also appears, that the Subsidies to the King of Prussia were remitted, in 1794, partly in Silver Bullion from this country, partly by Gold Bullion procured in Amsterdam, partly by Drafts on Amsterdam, and partly by Drafts drawn on London from Hamburgh, and by the Maritime Society at Berlin.

It further appears to Your Committee, that the quantity of Gold coined at the Mint during the years 1793, 1794, 1795, and 1796, amounts to upwards of six millions sterling, of which about £.885,000 only was coined in the two last years.

In addition to these causes of actual expense, Your Committee think proper to advert to various circumstances, which may contribute either to the delay of the due return of commercial dealings, or require enlarged means of circulation in the country. Of this nature are, the habit of the British merchant to give longer credit to the Foreign merchant than he receives in return; the change of the course of trade since the War, and the opening of new accounts with new customers; the circuitous remittance of money from various parts, in consequence of interruptions in the means of direct communication, and the state of some of the countries from which considerable remittances are due: To these are to be added the increase of domestic commerce, the increase of manufactures for home consumption, the general spirit of internal improvement in agriculture, and in the formation of canals and other public works: To these may also be added, as producing a further necessity for a greater quantity of circulating medium, other causes of a different nature, and in other respects of an opposite tendency, and particularly the increased price of freight, shipping, insurance, demurrage, and a variety of other articles, generally affecting the trade of the country, both in its former and in its increased state; the advanced price of labour, and of all the necessities

necessaries of life, and almost every kind of commodity. Added to all these circumstances, the operations and expenses of the War may be supposed to require a greater quantity of circulating medium for internal as well as for external purposes. Some of these considerations appear to have produced the Resolutions of a Meeting of Merchants in London of the 24th of March 1797, subjoined to this Report. But while these considerations seemed to require increased means of circulation, other circumstances have occurred to diminish the facility of it.

The increased amount and low price of the public funds, and the high discount on the negotiation of Government securities, have been particularly stated to Your Committee as having considerable operation in this point of view, by inducing many persons, who before the War had been in the habit of employing their money in discounting Bills of Exchange as a profitable dealing, to withdraw their money from that course of business, and employ it in the purchase of floating Government securities, or other public funds. It also appears to Your Committee, that these circumstances have had the further effect of increasing the difficulty of raising money by Loan upon private securities. The general effect of the low price of the public funds, and the great profit to be made by purchasing floating Government securities, seems to have been, to invest in various Government securities large sums of money before employed as part of the active capital of the country, either immediately by the owner, or mediately through the operations of discount on Loan. The Arrears owing by Government to individuals for public services of various kinds, have also been stated to Your Committee as tending to diminish the means of circulation, particularly as they may raise distrust and create difficulties to commercial men dealing with Government by uncertainty of payment, which may also have been increased by a want of punctuality in some late instances, alleged in Evidence before this Committee, in discharging Bills of Exchange drawn upon the Navy and Victualling Boards.

The Advances made by the Bank to Government have also been stated, and particularly by the Governor and Directors of the Bank, as having materially contributed to their present embarrassment; and it has been suggested, that it was important considerably to diminish those Advances for the purpose of reducing their notes in circulation to a nearer proportion to their cash, or at least to bring the amount of them more under their control, while at the same time they might be enabled to afford a larger accommodation to the commerce of the country by way of discount.

It appears, on the other hand, to have been the opinion of persons engaged in commercial and pecuniary transactions, that the diminution of Bank notes since December 1795, so far from tending to secure the Bank from the danger of a drain of Cash, by contracting their engagements within a narrower compass, has in effect contributed to the embarrassment which they have lately experienced, by reducing the requisite means of circulation, diminishing the general accommodation by way of discount, and thus occasioning a more pressing demand for specie, for which the Bank itself is the readiest as well as the ultimate source of supply.

There appears to Your Committee good reason to apprehend, that the country Bank notes in circulation have been reduced one third from the time of the difficulties in 1793 to December 1796, and that they have since that period suffered a still further diminution; and from hence has been inferred the necessity of providing from the Bank an adequate supply of their notes, to compensate for this chasm in the circulation of the country.

Your Committee conceive it may be thought important to state, that the amount of the Cash and Bullion in the Bank, during a great part of the year 1782, and a very considerable part of the year 1784, was below the amount at which it stood in any part of the year 1796; and that, during the whole of 1783, the amount was lower, and during some parts of that year was considerably lower than it was on the 26th of February last; and that the Bank did not at those periods lessen the amount of their discounts or notes, and the circulation of the country suffered no interruption: It also appears, that the Debt of Government to the Bank, for Advances in the years 1780, 1781, 1782, 1783, and 1784, was generally very considerable, and bearing a near proportion to the Debt due for Advances on the

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26th of February last, as appears by the Accounts set forth in the Appendix, part of the sum included in the account of the present Debt being the amount of unclaimed dividends paid by the Bank for the public service.

Your Committee also have observed, that during a period of about nine months, between the month of June 1792 and the month of March 1793, there was a drain of Cash and Bullion from the Bank to an amount larger than that of the drain which took place from the month of December 1795 to the 26th of February 1797, being a period of about fourteen months, and considerably larger than the drain during the twelve months from the first of January 1796 to the first of January 1797; and that in April 1793, the Bank raised their discounts to more than double the amount at which their discounts stood in December 1796; and that the Cash and Bullion gradually rose from the month of April 1793; and in the month of September 1793, the amount was nearly equal to the amount in June 1792, and in December 1793 exceeded the amount during any part of the year 1792, and in the year 1794 rose still higher.

Your Committee having stated these Facts, and these Opinions, submit the conclusions to be drawn from them, and the consideration of the whole, to the wisdom of the House.

21 April 1797.

MINUTES OF EVIDENCE:

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MINUTES OF EVIDENCE.

Sabbati, 4^e die Martij, 1797.

Thomas Raikes, Esq. Deputy Governor of the Bank,
called in, and Examined.

T. Raikes, Esq.

4 March,
1797.

HAD the Directors of the Bank, before the beginning of the present year, any apprehension that the drain upon them for Cash was likely to increase so as to be inconvenient?—They had apprehensions of that kind.

Did the Directors take any measures in consequence of that apprehension?—Yes, we lessened our Advances.

What do you mean by lessening your Advances?—By Discounts on private bills.

When did they begin to lessen their Discounts on private bills?—I cannot recollect.

Was it before the 1st of January?—I believe it was.

In what proportion did they lessen those Discounts?—We lessened them gradually till they came to one fourth below what they were when we began to lessen those Discounts.

Did they lessen the quantity of Bank Notes in circulation?—Yes.

Can you state the difference between the 18th and 25th of February?—I cannot; but between the 1st and 25th of February they diminished about half a million.

When did you first perceive a diminution of the usual quantity of Bank Notes in circulation?—I cannot recollect.

Did that diminution take place, to any considerable degree, before the Bank began to lessen their Discounts?—I fancy not.

Did the diminution of the Discounts and of the Bank Notes in circulation, correspond with each other?—Yes; except so far as it might be affected by the emission of Bank Notes for the payment of dividends.

Did the diminution of Discounts, by the Bank, produce any difference with respect to Discounts by private Bankers, and other persons usually discounting bills?—I presume it did.

What difference did it produce?—It is not within my cognizance, further than that the less accommodation the Bank give to the Public, the less Bank Notes will be in the hands of the Bankers.

The Right honourable the Chancellor of the Exchequer,
called in, and Examined.

Mr. Chancellor of
the Exchequer.

WHAT was the representation made by you to the Council?—The substance of that representation which I made to the Lords of the Council, was founded on the knowledge which I had confidentially obtained of the degree to which the drain of Specie on the Metropolis had affected the balance of Cash in the hands of the Bank; and of the proportions in which that balance had been reduced, more particularly for a short time preceding. I learnt from this, that the drain had been large and rapid beyond any former proportion. Comparing its amount with the balance then left, it appeared to me that a further continuance of that drain, even for a short time, at the same rate, and of course still more if it should increase, must produce an imminent danger that the Bank would be left without the means of supplying ready money, even for the most pressing demands of the public service; and also, that if a further reduction of their balance to any considerable amount were suffered to take place, any ultimate mischief that might ensue to their affairs would be much more difficult to be repaired, and the danger of the crisis to the Public would be greatly increased.

Does the same necessity, upon which the Order of Council issued, still exist?—In my opinion it clearly does.

Are you acquainted with any means which have been taken by the Bank, or others, to remove that necessity?—I know of no means which have been taken by the Bank, or others, which could operate so as to remove that necessity at present. I should conceive the continuance of that necessity must depend upon the consideration, how far the actual balance of Cash in the hands of the Bank may be increased beyond the amount to which it had been reduced; or how far the probable amount of demands upon them, in Cash, in case the restriction were removed, may be diminished. I know of no change that could hitherto

hitherto have taken place, in either of those respects, sufficient to alter my opinion of the necessity.

What circumstances, existing before the actual removal of the restriction, would satisfy your judgment, that the restriction might be safely removed?—I can hardly add any thing to the answer I have already given to the preceding question. The circumstances must, I conceive, be such as to produce either a considerable increase in the actual Cash balance of the Bank, or a sufficiently certain prospect of a considerable diminution in the Cash demands, or a sufficient alteration in both these respects combined. The first of these considerations might of course become matter of account; the second must be matter of opinion, arising from a great variety of considerations.

Mr. Chancellor of
the Exchequer.

4 March,
1797.

Have you had any information, whether the balance of Cash in the Bank is, or is not likely to increase?—I know of some circumstances by which it may be increased, and others by which it may be diminished. In the first place, I know that the Bank are possessed of some Bullion, which is in the course of being coined; and that they have taken some measures for purchasing an additional supply of Gold, to which I understand the course of Exchange, and the price abroad, according to the latest account, to be particularly favourable. To what amount this supply may be obtained, or within what time, I cannot presume to ascertain. I know also, that it is the opinion of many persons most conversant in the subject, that should alarm subside, money may be expected to return to the Bank from different parts of the country. I know, on the other hand, that while a scarcity of specie prevails in different parts of the country, it may, as I conceive, be indispensable, for the pressing objects of the public service, to make such payments in Specie from the Bank as cannot but be made in ready money. I should also add, it has been thought necessary, by the Lords of the Council, on a representation from the Bankers of the Metropolis, to intimate to the Bank their opinion, that, notwithstanding the Minute of the 26th of February, it may be expedient to issue a sum, not exceeding fifty thousand guineas, to be distributed among the Bankers, in order to assist them in making such ready money payment to their customers as may be necessary, while measures are adopting to relieve the present scarcity of Cash. A plan is also in contemplation, for bringing into circulation Dollars, now in the hands of the Bank; which last does not indeed constitute a part of their Cash, but is classed as Bullion.—These are the only particular circumstances which have come to my knowledge, which can affect, either way, the Cash balance of the Bank.

Is it, or is it not, the result of your knowledge and observations on this subject, that the necessity, which you have stated still to exist, to continue the effect of the Order in Council, may either cease within, or continue to exist beyond, any precise time that might be fixed upon for the duration of the operation of the Order in Council?—As far as my knowledge or observation can enable me to form any judgment on a subject, involving in it the various considerations I have already stated, I do not see the possibility of fixing before-hand, with certainty, any precise period which may not be found, in fact, either to exceed or to fall short of what may be the actual continuance of such a necessity.

When was you first informed of the danger likely to arise from a drain of Specie on the Bank?—I would wish to distinguish between the actual danger of the immediate drain which led to the particular measure lately taken, and more general apprehensions of the diminution of the Specie of the Bank. The Directors of the Bank have at different times expressed strong apprehensions of the effect of the diminution of Specie, which might be produced by the great drain of Money for services abroad, and particularly from the effect of loans and remittances for the service of the Emperor. These have been expressed at different times, since the first loan to the Emperor in 1795 was in contemplation. They were particularly expressed in the commencement of the year 1796, I think in the month of February; but I have reason to believe, that during the remittances which subsequently took place in the course of that year, no material change took place on the whole of the amount of the Cash in the Bank. In the present year it was represented to me, that a considerable diminution of Cash was taking place in the course of the month of January, which was attributed to a drain of Money occasioned by demands made from Ireland on this country for Cash, and strong apprehensions were expressed by the Bank, that any loan here for the service of Ireland, would be likely, in part at least, to be remitted in Specie, and to continue and augment that drain. In the course of the last month of February, and particularly towards the latter part of it, it was represented to me, that the drain of Cash was continuing and increasing; but this was distinctly stated not to arise then from any foreign demands, the course of Exchange being, as I have already stated, particularly favourable; but was thought to be occasioned by unusual demands from the country for Cash, occasioned by local alarms. It was in the course of the week immediately preceding the Minute of Council of the 26th, that the apprehensions arising from this circumstance were most strongly and specifically stated; and if I recollect right, it was on Tuesday the 21st of February that the Bank felt the danger to grow so pressing, in their opinion, as to induce them to state to me precisely what was the amount to which their Cash was actually reduced; and from that time they apprized me daily of the precise amount of the further drain which took place.

During the remittances in the course of the year 1796, did the Directors of the Bank make any representations to you on the danger of exporting Specie?—They frequently expressed

Mr. Chancellor of
the Exchequer.

4 March,
1797.

expressed an opinion, that they considered it likely to produce a further diminution of their Cash.

Did they apply for any reduction on their advances to Government?—They frequently expressed a most anxious wish that those advances, particularly those due on Treasury bills, should be reduced as soon as possible.

Were any measures taken in consequence, for that purpose?—No measures were taken, during the recess in the year 1796, for that purpose; the state of the public demand from time to time not admitting it. On the contrary, the pressure of these demands was so great, that it was necessary to apply to the Bank, in the course of that year, for advances on the credit of the Consolidated Fund.

Were those advances made in Bank Notes or in Specie?—Those advances were made in the same manner as any other payments made by the Bank on the public account; which are all usually made in Bank Notes.

Did the Bank, in the representation on the subject of the advances to Government in 1796, express an apprehension that those advances, by increasing the proportion of Paper in circulation, might enhance the danger which they apprehended from the effect of a diminution in the Specie?—They certainly did, in the strongest manner.

In the month of January last, were any remittances made for the service of the Emperor?—Remittances have been making for the service of the Emperor, by bills drawn from abroad and accepted here, at different periods successively, since the Vote of Credit for 500,000*l.* for that purpose; of which bills I have no doubt but a considerable part were accepted in the month of January, but I cannot, from immediate recollection, state the precise dates.

What is the nature of the exigencies of the public service alluded to in the Minute of Council?—The exigencies of the public service, which I had in view in the representation to the Council, recited in that Minute, were such parts of the demand for the service of the Army, the Navy, or the Ordnance, as must ultimately be supplied in Cash; and which, in case of a difficulty of procuring Cash to a sufficient amount, through the various channels by which it is usually applied to those purposes, could only, I conceive, be supplied from the balance of Cash in the hands of the Bank. If their balance of Cash had been suffered to have been further reduced to a considerable amount, and ultimate mischief ensued to their affairs, I conceive that the ordinary mode of supplying Cash, from the different parts of the country, for such exigencies, would be in danger of being for a time suspended; and no sufficient resource would be left in the Bank for providing for those exigencies during any interval necessary for taking means to restore circulation.

Was it then from an apprehension that there might not remain in the Bank a sufficient balance of Cash to answer the public exigencies, and not from an apprehension that they might be unable to answer on demand their outstanding Notes, that you, as Chancellor of the Exchequer, made the representation recited in the Minute of Council of the 26th of February?—I believe it will be found, on reference to my answer to the first question, that I stated, that I made the representation to the Council in consequence of an apprehension that further demands on the Bank might not leave Cash sufficient for the exigencies of the public service; and also, that if the drain continued, and mischief ultimately ensued, the difficulty of repairing it, after a further considerable reduction of the Cash balance of the Bank, must be much increased. It must be obvious, that if a further drain was likely to reduce the Cash of the Bank below the Cash that might become necessary for the public service, the continuance of such a drain, if carried to a certain point, must also have a tendency to produce ultimate mischief to their affairs, and not to leave them the means of paying their outstanding Notes on demand. I was certainly influenced by both considerations in making the representation; but the first was a danger which might be incurred the soonest, and was therefore considered by me as the most immediately pressing in point of time; the second consideration however confirmed me in my opinion of the general necessity of the measure.

In your communications with the Directors of the Bank, after the danger had become so pressing as to induce them to state to you the precise amount to which their Cash was actually reduced, was the measure, adopted by the Council, recommended by the Bank Directors, or acquiesced in on your suggestion?—They stated, that they should think it their duty to comply with the measure upon the authority of Government; but that it must be considered as the act of Government, not theirs. I certainly thought, from all that passed, that they felt the necessity of the measure on public grounds; but I certainly do not mean to represent them as recommending or advising the measure.

Is the Committee to understand, that upon your proposal of the measure they made no objection to it?—Certainly; they stated no objection to my opinion of the necessity of the measure.

Did they suggest any other means by which the danger, at that time so pressing, might be provided against?—They did not.

Did

Did you suggest to the Bank the propriety of making a declaration that they should, for the present, suspend the payment of the dividends on the public debt in Money?—I did not; a draft of the advertisement intended to be issued by the Bank, as soon as the Order should become public, was prepared by them, and shewn by them to me; but I am pretty confident, that when they showed it me, it did not contain those words which made particular mention of the dividends; and I have reason to believe those words were added by themselves afterwards; but I think it right to say, that I certainly considered the restriction of the intended Minute of Council, as applying indiscriminately to all payments in Cash.

Are you of opinion that the efficacy of the measure would have been materially affected, had the payment of dividends been allowed to continue to be made in Cash?—I should conceive the efficacy of the measure would have been materially in danger, if any such exception had been made.

Are you of opinion that the measure required by the Minute of Council was the most advisable measure that could be taken for the interest of the creditors of the Bank, and the creditors of the Public; regard being had to the permanency and final security of those interests, and considering the Order as meant to apply indiscriminately to all payments in Cash?—I certainly was of that opinion, and clearly convinced of it, to the best of my judgment, when I advised that measure; and I am confirmed in that opinion by every thing that has come under my consideration since.

Does any measure now occur to you as being more likely to promote the permanent interests of the creditors of the Bank, and of the creditors of the Public, than a continuance of the Order, subject to some power of discontinuing it, if a safe opportunity should offer?—Thinking, for the reasons I have already stated, that the continuance of the Order for the present is necessary, and not seeing the possibility of fixing now the precise time at which it may be prudent to discontinue it, I can suggest no safer mode than continuing it for some limited time, reserving the means of putting an end to it sooner, if the circumstances should be found sooner to admit of doing so; and providing an opportunity of prolonging it further, before the actual expiration of the time so limited, if circumstances should be such as to render that measure indispensable.

Lunæ, 6^o die Martii 1797.

Daniel Giles, Esquire, Governor of the Bank, and *Samuel Bosanquet*, Esquire, one of the Directors, called in;—and Mr. *Giles* examined.

IN what manner would persons, wanting a supply of Money, be able to supply the deficiency occasioned by the diminution of discounts by the Bank and by private persons?—By adverting to their other resources.

What would in general be such resources?—By drawing upon foreign countries, or getting Money wherever they had a right to ask for it.

Would drawing on foreign countries be an immediate resource, unless the person who drew such bills could receive the Money for it here?—If a man draws on a foreign country, not passing his bill here, he must wait till that bill is due, and receive the Money in return; he may get it discounted abroad.

Is not the passing the bill here essential to make it an immediate resource?—Yes, certainly.

Would not the passing the bill here have the same effect therefore immediately in drawing Money from private resources, as if it had been an inland bill discounted?—Certainly not.

What other resources occur to you, besides drawing on foreign countries?—An individual would sell his stock or goods.

Would not the sale of stock, therefore, be the readiest way of supplying the deficiency?—Certainly; if I had stock to sell.

Did not, in fact, a considerable sale of stock take place shortly before the 25th of February?—I don't know that there was any particular sale of stock, except what arose from the funding of Navy and Exchequer Bills in December.

What was the state of Exchange at Hamburgh the beginning of the year 1797.—It varied in the month of January; at one time favourable, then not so favourable, and then became very favourable, and now not so much so, but not unfavourable.

Does that circumstance assist in procuring Bullion from Germany?—Certainly.

Do you apprehend any Bullion or Specie has gone out of the country since the beginning of the present year?—I do not believe that any has gone out to foreign countries since the beginning of the present year.

Mr. Chancellor of
the Exchequer.

4 March,
1797.

D. Giles, Esq.
and
S. Bosanquet, Esq.

D. Giles, Esq.

6 March,
1797.

*D. Giles, Esq.*6 March,
1797.

Has any gone to Ireland?—I believe a great deal.

Is this answer to be understood as applying to the transactions of individuals, or to Money sent to Ireland on account of the public service, or to both?—Both.

Did the Bank assist in sending to Ireland Bullion or Specie, on account of the public service?—A public loan was made here for the service of Ireland, towards the latter end of December, to the amount of 300,000*l.*; which either has gone, or must go, in Specie. The Irish have also drawn bills for provisions and other things, which have been paid in Specie.

In the course of last year, was the Course of Exchange at Hamburgh in general favourable?—I should rather think, that, taking the whole of the year, it was not in general unfavourable; nor do I believe that any quantity of Specie went to Hamburgh, owing to the state of the Exchange.

Are you of opinion, that the favourable state of the Exchange with Hamburgh, during the present year, has been occasioned by the exportation of Specie or Bullion to Germany?—No, I do not.

When did you first entertain apprehensions of danger to the affairs of the Bank, from a drain of Specie?—In November 1795.

When did you first make any representation on that subject to the Chancellor of the Exchequer?—I have in my hand some private memorandums, which I have made in my own Book, which I will read.

And the same were read; and are as follow :

“ London, 29th January, 1796.

“ I went up as Governor, with a deputation from the Court of Directors, Mr. Deputy Governor, Mr. Peters, and Mr. Bosanquet, to mention the resolution of the last Court, relative to the payment of some Treasury Bills due next week; and in the course of our conversation, I told the Chancellor of the Exchequer that the drains upon the Bank still continued; and that our situation was such, that should he (as in some conversation lately had, he seemed to be inclined to do) think proper to grant a fresh loan to the Emperor, and the Bank's situation remain as it now was, it would infallibly be the ruin of our House (meaning the Bank).”

“ London, 8th February, 1796.

“ I went with the Deputy Governor to Mr. Pitt, relative to some bills, of a large amount, drawn from Ireland upon the Treasury, and which were ordered to be remitted back in Specie; setting forth my wish that Mr. Pitt would, by communication with the Irish Government, get them to take the acceptance at six months, which he promised to do. And as the conversation naturally turned upon the great drains we had experienced so long a time, I closed it by saying, that was an Emperor's loan to take place at present, it would be certain ruin to the Bank. He promised no such measure should take place without previous communication with us.”

Have you, at any subsequent times, made representations to the Chancellor of the Exchequer on the same subject?—Very often; particularly on the 11th of February 1796, when I carried up to him a resolution of the Court of Directors, with their wish that it might be laid before the Cabinet.

Which resolution is as follows :

“ Resolved, That it is the opinion of this Court, that if any farther loan or advance be made to the Emperor, it will in all probability, prove fatal to the Bank; the Court of Directors do therefore deprecate the adoption of any such measure; and they solemnly protest against any responsibility for the calamitous consequences that may follow therefrom.”

Were you aware, that, during the summer of 1796, considerable Advances were made to the Emperor?—I, in my own private opinion, suspected it. I told the Chancellor of the Exchequer so; but I had no official communication on the subject.

Did you, during the period in which you entertained this suspicion, make any further representations upon the same subject to the Chancellor of the Exchequer?—I believe not; I mean any formal representation: I might frequently speak to him on the subject.

Did you make any representations to the Chancellor of the Exchequer on the subject of the Advances made to Government by the Bank?—Very often.

Are you of opinion, that the re-payment of those Advances would have materially contributed to prevent the necessity of the measure adopted by the Privy Council on Sunday the 26th of February?—Had the Government repaid us the Advances which they owed, I believe we should have been in a state of security, and what has happened would not have happened.

Can you state the total amount of those Advances?—To the best of my recollection, about nine millions.

Do

Do you think that the re-payment either of the whole or of part of those Advances, would now essentially contribute to put a period to the necessity of continuing the restriction laid on the Bank by the Order of Council of the 26th of February?—I think it would; the period would be shorter or longer according to the quantity paid.

D. Giles, Esq.

6 March,
1797.

How soon, in the present year, did you represent to the Chancellor of the Exchequer the danger apprehended by the Bank?—I think it was Tuesday the 21st of February.

Did you consult with him on the means of preventing that danger?—I do not recollect that we did; we made him acquainted with the state of the Cash, to take such measures as he thought proper; we had apprized him many days before with the drain of the Cash, without entering into particulars.

When was the measure, which was afterwards adopted by the Council, first mentioned to you by the Chancellor of the Exchequer?—I think it was on the Friday or Saturday preceding the order, that it was first mentioned to us; and was not determined upon till Sunday.

Did you, on any of those days, suggest any other expedient, better calculated, in your opinion, to obviate the danger?—Certainly not; I knew of none.

Did you object to the measure proposed by the Chancellor of the Exchequer, and afterwards adopted by the Council?—No.

Was it consented to by you, for the purpose of keeping in the Bank a sufficient balance of Cash to answer the exigencies of the public service, or because you was apprehensive, that, if the drain continued, you might be unable to pay, on demand, the outstanding Notes of the Bank?—The first part of that question we left to the judgment of the Chancellor of the Exchequer, he knowing the quantity of Cash in the House, and what he might possibly want. The answer to the second part of the question depends upon the first; we neither consented nor dissented to any part of it.

Is it to be understood, that, without expressing any consent or dissent, you thought it your duty to acquiesce in it, under the authority of Government?—Certainly.

Without reference to the exigencies of the public service, are you of opinion, that such a measure, at that time, was necessary, on account of the private affairs of the Bank?—If I had been certain that the drain would have ceased soon, I should have thought it unnecessary; but if the drain continued as it had for three or four last days past, and the alarm in the country had increased, it certainly was very necessary.

According to the best judgment you could form at that time, founded upon all the circumstances affecting the interest of the Bank, did you think such a measure necessary?—I thought it was prudential.

In what manner do you consider the balance of Cash in the Bank, as available to Government for the public service?—The Government may avail itself of it in various ways; either by returning the deposited bills; or by the paymaster's drafts, if he has money in the Bank; or by payments on the loan existing now; or by any credits the Government may have with the Bank.

Do you consider the claims of Government, on these accounts, as preferable to those of the other legal creditors of the Bank?—I apprehend them to be just the same.

Do you consider the restriction of the Order of Council, as applying to the demands of Government?—Certainly.

Is it to be understood, that, by the Order of Council, you consider yourselves as restrained from issuing Cash upon the drafts of the paymaster, or on any of the other accounts mentioned in your former answer?—Certainly.

Have you, in the course of the week which has passed since the Order of Council, made a considerable increase in your Advances to Government, and in Discounts on private bills?—I have no scruple to answer, we have advanced to Government £.250,000 on Exchequer Bills; upwards of £.100,000 on Treasury Bills; and increased our Discounts in the course of the week.

For what reason, under the present circumstances, have you thought it advisable to increase your Advances to Government, and your Discounts on private bills, since the Order of Council?—Mr. Pitt applied for £.250,000, having occasion for it for the army and other services, before the loan came on; he said, it would be a great accommodation to him. Treasury Bills had been before accepted, and were paid as usual; and we have a great many more to pay, as they become due daily. Respecting the increase of Discounts, our intention was to prevent a calamity, which I believe would have happened, of the bankers and other traders stopping payment. It is also obvious, that as the Bank did not pay in Money, no inconvenience could arise from issuing Bank Notes for that purpose.

Does not the circumstance of your having increased your Advances to Government, and your Discounts on private bills, by increasing the proportion which the Notes in circulation bear

D. Giles, Esq.

bear to the balance of Cash in the Bank, augment the necessity of continuing the restriction imposed by the Order of Council?—No doubt of it.

6 March,
1797.

Would the necessity of continuing the restriction imposed by the Order of Council, be increased or diminished, by adding the guarantee of Government to the security of the Bank?—In my opinion, it would affect it in neither way. I believe it would give much more satisfaction to the Public, to be without it than with it; and I have frequently told the Chancellor of the Exchequer so since the issuing the Order of Council.

Is it probable that there will be a considerable or any increase of Cash in the Bank shortly, either from coinage, from taxes, or from any other cause?—I do not apprehend we can expect any presently, except from the Tower, and that in not less than five or six weeks.

Unless Government re-pay the Advances made by the Bank to them, are there any other circumstances likely to take place, which will make it safe or prudent to take off the restriction?—I do not foresee any.

By what mode of payment could Government pay off the Advances made to Government by the Bank?—In Bank Notes or Money.

If the whole was paid in Bank Notes, what would be the consequence to the trade of the country?—In the first place, it would bring out all the Gold not now in use; it would make Bank Notes certainly more scarce, and induce persons to find out some other circulating medium.

By what means would it bring out all the Gold which is not now in use?—By persons not having Bank Notes enough to pay their subscriptions on the loan, must pay in Money.

Would it draw out any considerable quantity of Gold before a very large proportion of Bank Notes had been taken out of circulation?—I should think not, but it depends on what is meant by a large proportion.

Suppose it had the effect of taking out of circulation half the Bank Notes now in circulation, would that produce any public inconvenience?—I think not; I think at present it would do good; it certainly would accelerate the restriction being taken off.

Do you then apprehend that a considerable quantity of Specie has been withdrawn from circulation?—Undoubtedly, from this alarm it has.

Do you then conceive, that if the circulation of Bank Notes was reduced one half, so that there should be no more at any time in circulation than one half of the present quantity, that no inconvenience would ensue to the Public?—I think there would not at present; but I do not speak to the future state of things.

When the Directors and Governors of the Bank first heard the proposition of restraining the issuing of Cash by the Minute of Council, was any other measure suggested by them to the Chancellor of the Exchequer, as better adapted, upon this occasion, either to the separate interests of the Bank, or to the joint interests of the Bank and the Public?—No.

S. Bosanquet, Esq.

Since the Minute of Council, has there at any time occurred to you, or does there now occur to you, any practicable measure, by means of which the present restriction upon the issuing of Cash from the Bank, may, in your opinion, be safely removed?—Nothing at present; the only thing that can tend to relieve the Bank, is a considerable re-payment from Government.

D. Giles, Esq.

Do you consider the loan of £.300,000, negotiated here for the use of Ireland, in the beginning of the year, as having materially contributed to the present situation of the Bank?—No; I think not; they have not had a third of the Money.

S. Bosanquet, Esq.

Whether the considerable re-payment from Government, which you have said would tend to relieve the Bank, would have that tendency, by enabling the Bank to take up their Notes now in circulation, or for any other reason which you can now specify?—By causing the Bank Notes to be paid into the Bank, and thereby lessening the amount of the Notes.

From whom is Government in this last case supposed to obtain the Money with which to pay the Bank?—It is indifferent from whence Government obtain the Money; if Government have possession of the Notes, and pay them into the Bank, it would produce the same effect.

If the Bank Notes now out are called in, in any considerable quantity, to make the payments by Government to the Bank, and there is no issue of Specie, would not the want of a circulating medium, occasioned by those circumstances, greatly distress the general trade of the country?—I conceive it would, unless the Bank should issue further Paper for the accommodation of trade.

Do you think the re-payment of a considerable part of the Advances made to Government by the Bank, by diminishing the proportion which the Paper in circulation bears to the

the balance of Cash in the Bank, would operate as a relief to the Bank in its present circumstances?—Undoubtedly. *S. Bosanquet, Esq.*

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1797.

Would such re-payment diminish the proportion which the Paper in circulation bears to the balance in Cash in the Bank, except instantaneously; and would it not be necessary to issue an equal quantity of Paper for the purposes of circulation?—That is so much a question of opinion, that it is impossible to answer it. My idea was, when I added to the answer of a former question, “unless the Bank should issue fresh Notes,” or some such words, that, by the Bank receiving a considerable re-payment from Government, they would have the amount of Bank Notes standing out so much in their own hands, that they might be called upon necessarily to issue more for the purposes of circulation, but could not be called upon to issue a larger quantity than should be convenient to them from time to time; and for this reason the bills discounted are always for so short periods, that the Bank can restrict the amount of its Advances on that kind of security whenever it pleases.

Does not Government receive the taxes principally in Bank Notes?—I fancy generally they do. The Excise and Customs are principally paid in Bank Notes.

Do you think, that if Government was immediately to determine that it would re-pay to the Bank a considerable part of their Advances, the restriction of the Order in Council could with safety be removed before the re-payment was actually made, or before measures were actually taken for making that re-payment?—Surely not.

How do you account for the comparatively small variation in the state of Cash between the months of May and December 1796?—I do not recollect there were any considerable foreign drains, nor any material ones to Ireland.

Do you think that the comparatively large variation in the state of the Cash since December 1796, can be attributed to foreign drains and the remittance to Ireland, either wholly, or in any very considerable proportion?—Not at all to foreign drains; chiefly to Ireland, till the alarm began. *D. Giles, Esq.*

If Government were now to determine to re-pay the Bank any considerable part of their Advances in any time which could be limited, attending to the time which probably must elapse before Money could be raised for that purpose, can you suggest any measure which, in your judgment, could be more usefully taken in the interim, than the continuance of the restriction contained in the Order of Council?—Certainly not.

Is there any system of measures generally pursued by the Bank, in order to supply themselves with Bullion from abroad?—No; when it is advantageous to bring it in, individuals will bring it.

Do you remember, in the course of the years 1794, 1795, or 1796, the lowest state of the amount of your Discounts?—I do not think there has been any great variation in those years. They were exceedingly high in 1793.

Can you inform the Committee the lowest amount of Discounts in your memory?—There have been, within these ten years, times when we have consulted whether we should lower the rate of interest; which shows the Discounts must then have been very low.

Having said, “the comparative drain of Cash since December 1796 was not at all owing to a foreign drain, but chiefly to Ireland, until the alarm began,” you are desired to state when you conceived that alarm began?—I should think about the 12th or 14th of February it began to manifest itself.

Do you apprehend then, that the subsequent diminution of Cash, between that period and the date of the Order of Council, was produced by the alarm which you have mentioned?—Yes, jointly with Ireland.

Do you know of any other remittance from Government to Ireland within the time last mentioned, other than the loan to which you have before adverted?—I cannot be accurate as to that. I should rather think what I allude to was before that. I think £. 50,000 was the sum; that is the only farther sum. *S. Bosanquet, Esq.*

Are you of opinion that the restriction of the Order of Council, so far as it may be considered to include the payment of the public dividends, could with safety be taken off?—Certainly not.

Lunæ, 13^o die Martii 1797.

*Thomas Raikes, Esquire, Deputy Governor of the Bank,
called in, and Examined.*

T. Raikes, Esq.

13 March,
1797.

WHEN did you first entertain apprehension of danger to the affairs of the Bank from a drain of Specie?—It was some time previous to the day when we thought it necessary to state the real situation of our Cash to the Chancellor of the Exchequer, which was Tuesday the 21st of February.

Had you not made representations on that subject to the Chancellor of the Exchequer in the course of the year 1796?—In the course of the year 1796, we made repeated representations to the Chancellor of the Exchequer about the extent of our engagements with Government, and were apprehensive it might prove inconvenient to the Bank.

By those engagements with Government, is the Committee to understand the Advances which had been made by the Bank?—Yes.

Did you solicit a considerable reduction of those Advances, as of importance to the security of the Bank?—Yes.

Can you recollect the periods at which you made such solicitations?—I have several dates in 1796; 15th or 16th of January; 29th of January; 12th of February; 19th of May; 14th of June; 21st of July and 28th of July; 9th of August.

In the second loan made for the service of the year 1796, was not provision made for the re-payment of part of those Advances?—Provision was made for the re-payment of £.5,500,000; of this the Bank received £.4,500,000.

After the Bank had received £.4,500,000 for the re-payment of a part of their Advances, can you state what was the remaining amount of those Advances?—I cannot; because other sums were advanced in the mean time.

Did you after the receipt of the 4,500,000*l.* continue to solicit a reduction of your Advances to Government?—Yes, frequently; it was always a matter of anxious concern to us to get the Advances lowered.

Were any measures taken by Government for that purpose?—There have been partial payments on Treasury Bills and other matters.

Did you consider such partial payments as sufficient?—They were not sufficient to ease our minds.

Have you, in the course of the present year, made any representations to the Chancellor of the Exchequer on the subject of your Advances?—Yes; on the 1st of February, on the 8th of February, and on the 10th of February. In the two latter cases, when the Chancellor of the Exchequer proposed to raise Money in this country for Ireland, to the amount of 1,500,000*l.*

Are you of opinion, that if at any of the periods, either in the last or the present year, which you have specified, a considerable reduction of your Advances had been made, that it would have materially contributed to obviate the circumstances which produced the Order of Council of the 26th of February last?—I cannot positively decide on that question; but I think it would have had a tendency to do so.

On the days on which you state that you made representations to the Chancellor of the Exchequer in February last, on the subject of your Advances, had such a drain commenced as to excite in your mind any apprehension for the affairs of the Bank?—Yes.

Was it then with a view to obviate the danger which you apprehended from such a drain, that you on those days solicited a re-payment of your Advances?—The particular object of our communications with the Chancellor of the Exchequer on the 8th and 10th of February, was on the subject of the proposed loan to Ireland. On the 1st of February a particular representation was made to him on the subject of our Advance on Treasury Bills, requesting they might be paid off, with a view to ease the Bank.

Had you any communication with the Chancellor of the Exchequer on the late loan for eighteen millions?—Yes.

Was there any desire expressed by you, that a part of that loan should be applied to the reduction of the Advances of the Bank?—I do not know as to any particular application to that point; but we naturally looked for our re-payment out of those resources.

Had you understood eighteen millions to have been insufficient for that purpose, should you have proposed a loan to a greater amount?—That is the business of the Chancellor of the Exchequer; it was not for us.

Do you think that a loan to a greater amount could have been obtained at that time?—From the eagerness which people expressed to subscribe to that loan, I suppose it might.

Did

Did you, in the course of the last year, make any representation to the Chancellor of the Exchequer on the subject of sending Money out of the kingdom for the service of the Emperor, or for any other foreign service?—Yes.

T. Raikes, Esq.

13 March,
1797.

Do you know to what amount, in the course of the last year, Money was sent out of the kingdom for the service of the Emperor, or for any other foreign service?—I cannot positively answer that question.

Do you know that bills accepted by Government have, after they became due, been refused payment?—None such have fallen within my cognizance.

Have you heard any complaints on that subject?—I think I have heard that some Bills on the Navy Pay Office have not been duly acquitted, but I do not know any person who has been within that predicament.

Has there not been a general complaint of a want of punctuality on the part of Government, in the discharge of its public engagements?—I cannot reply to that question; I cannot say there has. I have heard some particular people complain of disappointments in receiving Monies due to them from the Treasury.

To what do you attribute the very extraordinary discount on Exchequer Bills, and other public securities?—To there being so much property of that sort in the market.

Did you think the measures adopted in consequence of the Order of Council of the 26th of February, necessary for the purpose of retaining in the Bank a sufficient balance of Cash for the exigency of the public service, or because you were apprehensive that, in consequence of the drain which had then taken place, you might be unable to pay, on demand, the outstanding Notes on the Bank?—On the 21st of February we laid before the Chancellor of the Exchequer the state of our Cash, with an account of the drain which had existed upon it from the 1st of January last, and our opinion as to its future continuance; and we referred it to the wisdom of His Majesty's Ministers to adopt such measures as they might think expedient; we gave no advice upon the matter.

In what manner did you consider yourselves, as Directors of the Bank, accountable to His Majesty's Ministers, or authorized to leave to their wisdom the measures to be taken for the interest of that Corporation?—Lest if the drain had continued, it might have been carried to such a point, as that Money might be wanting for the necessary exertions at this time for the public service.

In what manner does the Money necessary for the public service come under your consideration as Directors of the Bank?—We keep the Cash Account of the Chancellor of the Exchequer, that is, of the Public Offices of the Revenue; and the Issues for paying the Army and Navy are taken out of the Bank.

In this view then is Government considered by you only in the light of any other creditor, who has a Cash Account with the Bank?—Certainly very different.

In what does that difference consist?—In having an infinitely larger interest in all the operations of the Bank.

In what manner do you consider the Money in the Bank as available to Government for the public service?—On whatever account they had credits with us they had a right to demand it.

Do you consider the claims of Government, on account of any credits they may have with the Bank, as preferable to those of any other of your legal creditors?—Certainly not, if there had been no restraint.

Was any statement made to the Chancellor of the Exchequer, of the exact amount of Cash and Bullion at the Bank before the 21st of February?—Not to my knowledge; there had been some hints thrown out in the course of last year, from which he might have collected nearly the situation of it, but no exact statement was made.

Might he not have drawn from those hints a true conclusion?—I think he might have been near the mark; not an exact conclusion, certainly.

Is the state of Cash and Bullion in the Bank known to all the Directors of the Bank?—Yes.

How long have you been in the Direction of the Bank?—Since 1776.

To how many Accountants of the Bank is the state of Cash known?—I suppose to half a dozen.

T. Raikes, Esq.

13 March,
1797.

Is there any obligation of secrecy, in point of honour, on those Clerks?—No legal obligation; but in point of honour it is considered as a secret of the utmost consequence

You have stated, that in your opinion the re-payment of the Bank Advances by Government, last year, would have had a tendency to prevent the causes which produced the necessity of issuing the Order of Council; in what manner, or by what means, would that re-payment have produced that effect?—By lessening our Advances, and bringing our Bank Notes home.

Do you mean, that the Bank would have materially lessened the amount of Bank Notes in circulation, if those Advances had been repaid?—Certainly, in some measure; and with the rest we might have discounted for the Public, which is a mode of Advance always within our own power, coming round every month.

Do you conceive that the quantity of Bank Notes which has been actually in circulation has been greater than the convenience of commerce required?—I think not.

Would not then the chasm produced by the reduction of the Bank Notes below what the convenience of commerce required, have been probably filled up by some other Paper?—It might probably have obliged merchants to bring their property from abroad, and amongst other property Gold and Silver.

How much might, generally, have been made of Money during the periods of which you have spoken by Government Securities?—I cannot answer that question.

Is it your opinion, that the drain at the Bank for Cash must be proportioned to the quantity of Bank Notes in circulation?—I look upon the present drain to have been produced by political causes. We have often known a larger quantity of Bank Notes out without producing any drain.

If the Bank should reduce the Bank Notes in circulation to a very small quantity, very disproportioned to what the convenience of commerce should require, would not some other Paper be probably issued to supply the void; and would not this other Paper be exchangeable for Bank Notes?—Not by the Bank, unless the Bank discounted that Paper; the Bank is only answerable for its own Notes.

Would not the Bankers and Merchants be able, one amongst another, to exchange this Paper for Bank Notes, and then, by carrying those Bank Notes to the Bank, be able to get Cash for them?—That would not increase the Issues of the Bank in Paper, and the Bank would not be affected by it.

Supposing one million's worth of Bank Notes only to be in circulation, and five millions worth of other Paper issued to supply the void, might not Bankers and Merchants, one among another, exchange any part of this five millions for any part of the one million; and having thus got Bank Notes into their possession, might they not carry them to the Bank, and get Cash for them; and if these Bank Notes, so carried in, should be re-issued, so as to keep the circulating quantity still one million, might not this process be repeated again and again, so as to enable the Bankers and Merchants to get gradually all the Cash they might want?—As the Bank Notes come in they must be paid; but it is in the breast of the Bank, whether they will issue new Notes, and that must depend on the prudent conduct of their affairs.

Would not the process, mentioned in the last question, of again and again carrying to the Bank the smallest quantity of Bank Notes actually in circulation, gradually drain the Bank of Cash, except the Bank should refrain from issuing them again, so as to extinguish them entirely?—That must be according to the supply of Cash which the Bank has to answer its Notes.

If that supply happened to be small, would not the above effect be produced?—It naturally would.

If the quantity of Bank Notes was to be reduced, would the coming in and going out of them upon a smaller, be in the same proportion as upon a larger Issue?—Certainly not.

If other Paper were to be produced in consequence of the diminution of Bank Notes, what effect would it have upon the Cash in the Bank?—I do not see it could have any.

Is it for the advantage of commerce or public credit to have Paper in circulation beyond a due proportion to the Specie in the kingdom?—That is a very abstract question, I cannot pretend to give an opinion upon it; I cannot fix their due proportion.

Have any measures been taken by the Bank to supply the country with Bullion in the course of the last year?—Yes, but I may say to no great effect.

Do

Do you know whether Government has taken any measures for the same purpose?—I know nothing of it.

T. Raikes, Esq.

13 March,
1797.

Supposing you had been able to obtain Bullion, what would have been the consequence, and at what period, and in what shape would it have been paid for?—It must have been paid for by Bills of Exchange at short dates; the supplies we could have got must have been small, and imported to a considerable loss.

In what manner must you have paid for those Bills of Exchange?—The Bank must have paid for them in Bank Notes, which Notes might have been immediately brought back to the Bank for Cash. All these forced operations of bringing in Bullion counteract themselves by the effect they take on the course of exchange; the real supply of Cash can only be obtained by the effect of the general balance of trade in our favour.

Have not the profits to be made, for some time past, by investing Money in Government Securities and otherwise, been sufficient to induce all persons who had Money due from abroad to get it home again as soon as possible?—It may have operated on the mind of some persons.

If persons who had Money due to them abroad, had obtained the payment of that Money in Bullion, out of the ordinary course of payment, would it not have affected the course of exchange, so as to become a forced operation of bringing in Bullion, and therefore counteract itself?—It might in some degree; but if a man even loses by his remittance from abroad, it is still requisite for him to collect his property and support his credit when there is a scarcity of Money at home.

What would have been the difference between such an operation and the purchase of foreign Bills by the Bank, for the purpose of obtaining Bullion from abroad, as to a permanent supply of Bullion for the country?—If the Bank were to operate by taking Bills on the Exchange here to remit abroad for Bullion, it would have a vast and immediate effect upon the course of Exchange; infinitely more than the operations of separate individuals, acting in the management of their own private concerns; therefore the operations of individuals would not affect the course of Exchange so much as the operations of the Bank.

Was the last million advanced to Government in Notes or Cash?—I make no doubt it was in Notes.

When hints were thrown out to the Chancellor of the Exchequer, last year, concerning the danger of a drain of Cash on the Bank, was any suggestion made, on the part of the Bank, to obviate that danger?—The general objects of our communications on that subject were, to be eased from the burthen of our Advances to Government.

To what particular amount of re-payment did the Bank advert, as likely to be supplied to them out of the loan of eighteen millions?—All the Treasury Bills, and some part of the Exchequer Bills; the million of the Exchequer Bills ought to have been paid out of the loan of seven millions and an half.

What do you mean by the “political causes,” alluded to in a former answer?—The alarm of invasion.

Did the alarm of invasion then, in your apprehension, produce the immediate effect of the drain on the Bank in the month of February?—I am of that opinion; it produced the stoppage of the Banks in the North, and afterwards spread to London.

Was there any reason to apprehend that alarm would cease in the week following the 26th of February?—On the contrary, we have every reason to think it would have grown more general and pressing.

Do any other means occur to you for preventing the effects of such an alarm, except the measures taken by the Order of Council?—No.

Could either of the modes of reducing the Advances to Government, or of stopping remittances to foreign countries, if adopted at any time in the month of February, have prevented the effects to be apprehended from such an alarm?—I do not think that those measures could have been brought sufficiently quick into operation in the month of February, so as to prevent the necessity of the measure.

You have said, “you were of opinion, that in the week following the 26th of February, the alarm, and the consequent drain, was likely to increase, and be more pressing;” you are desired to state your reasons for entertaining that opinion?—From the amazing pressure of the Bankers, and others concerned with Country Bankers, to bring bills for discount at the Bank, in the course of that week.

Martis, 14^o die Martii, 1797.

Samuel Bosanquet, Esquire, a Director of the Bank, called in, and Examined.

S. Bosanquet, Esq.

14 March,
1797.

WHAT do you consider to have been the causes of the drain of Cash which has taken place upon the Bank?—Latterly a demand for Ireland, and the alarm which took place in the country, and caused the Cash to be drained from the Metropolis.

Can you give any description of the extent and nature of that demand for Ireland?—I believe that a considerable sum went during the latter end of the year 1796, and a considerable sum in January 1797; but I have no means of speaking more accurately to it.

Can you describe more particularly how the alarm which took place produced the drain of Cash from the Metropolis?—By the drafts on the Country Bankers in the first instance, which operated ultimately upon the Bank, and this alarm naturally produced a concealment of Money.

At what time did you first entertain any apprehension of danger to the affairs of the Bank?—When I came to the Bank once during my confinement by illness (I was confined for six weeks from the 3d of January) about the last day of January 1797, I saw cause for alarm, but not a material one, unless the surmise which I had heard of a large loan for Ireland were to take place, as I apprehended the whole of that loan would go in Money; but about the 21st of February, I had great reason to suppose that great danger would follow. I thought I saw the alarm was likely to increase so much from day to day, that I could not tell what would be the consequence.

Having described these as the latter causes, can you describe any other more remote, which you conceive to have contributed materially to produce danger to the affairs of the Bank?—The cause that reduced the Specie in the Bank to that state, as to have rendered the causes above described dangerous, was, as I conceive, the sums which this Country has had to pay to Foreign Nations, whether occasioned by expense of armies, subsidies, or other causes, which occasioned Money to be sent abroad.

Do you know of any other causes which appear to you to have contributed to the present diminution of Specie?—Among the other causes above mentioned, I meant to include the purchase of Corn from foreign countries, and the payments to be made for Neutral Cargoes captured.

Have you reason to think that Specie was sent abroad for the payment of the armies in Holland and Germany, or for the use of the royalists in La Vendée, or elsewhere?—I have not the least knowledge of it.

Can you state to the Committee the circumstances which occasioned a greater apprehension of danger to the Bank in the present year, than they appeared to have entertained in the year 1783, when the quantity of their Cash was comparatively so much smaller?—The situation of the country at the two periods was totally different, and the circumstances which occasioned apprehensions in the two periods were also different. In the year 1783, the Cash had been gradually reduced to a certain degree of depression by the out-goings from the country of a very expensive war, and the lowest depression was occasioned by the flourishing state of the commerce of the country upon the re-establishment of peace; which could only operate as a cause of that depression for a short time, which being passed, Specie would naturally flow into the country more rapidly than it went out: the Bank therefore had only, by a temporary restriction of their advances, to endeavour to keep themselves upon the same level where they were, and be certain of early relief. The effect turned out so, and justified the prudence of the measures they took at that time: the state of things is now obviously different.

Do you apprehend that, in the year 1783, the same rapidity of demand took place about the month of October, which appears to have taken place in February 1797?—Certainly not; the decrease was gradual; but in the course of the summer was materially checked from what it was likely to be, by the measure adopted by the Bank, of not advancing on the loan of that year.

At what time in that year did the Bank afterwards enter into any engagements about the loan?—I think it was about August or September,

At what time in that year was the alarm at the Bank the greatest?—I think about the month of May; which occasioned the Directors to refuse advancing upon the loan of that year, at that time, although they did so at a subsequent period; when the advances to be made upon it being lighter, and the prospects of the Bank more promising, the Directors were induced to come into such a measure. It is possible for the Bank to be in a much safer situation, with a much smaller sum in Specie when public affairs are prosperous, than with a much larger sum and an apprehension that that sum is draining away.

Did the Bank, in the month of May 1783, adopt any other measure for their security, than that of declining to engage in the loan?—No; though I have often thought since it was imprudent not to have gone farther; the advances to Government must then have been between nine and ten millions; and I do not know that any solicitation was made for re-payment at the time, and certainly no material one took place.

Was

Was any representation made, at that time, to Government on the state of the affairs at the Bank?—I do not know; probably the then Chancellor of the Exchequer was informed that the Specie was declining; but I believe no particular information was given, similar to what has lately taken place.

S. Bosanquet, Esq.

14 March,
1797.

How long did the apprehension, which the Bank entertained in May 1783, continue?—I cannot speak accurately; but probably they saw sufficient ground to be void of any serious alarm at the time they agreed to make the advances on the loan.

Has there then, since 1771, previous to the present alarm, been any apprehension to the affairs of the Bank, other than that of the year 1783?—No.

Can you give any information to the Committee, of the pressure upon the Bank in the year 1745?—No.

Will not the permanent abundance of Cash in a country, generally depend on the balance of trade being favourable?—Certainly: if not counteracted by other circumstances.

Must not the Bank judge of the quantity of Cash necessary to answer the purposes of the Bank, from the probability of permanent abundance in the country, combined with those circumstances which may temporally affect it?—Yes; I think so.

Was not that probability the ground on which the Bank, in September 1783, took in the loan, although their Cash was then lower than in May 1783?—I conceive it was. Whenever there is an influx of Bullion into the country, the Bank have nothing to fear; when a drain takes place from the country, is in general the period for them to be alarmed.

May there not be a diminution of Cash in the Bank, without a diminution of Cash in the country?—There has been lately, notoriously.

Is not that occasioned by internal demand for Cash?—Certainly.

Is not the drain from the country occasioned by foreign demand?—The drain to foreign parts must be occasioned by foreign demand.

How far will that depend upon the balance of commercial exports and imports?—As far as the balance is in favour of this country, or the contrary.

If the general balance of trade continues for any length of time in favour of this country will the drain of Cash be likely to continue, except from temporary circumstances?—It certainly will not; unless those temporary circumstances, or some others, more than countervail the balance of trade.

If the British merchant gives greater credit for exports than the foreign merchant for imports, will not that occasion a temporary drain of Cash, though the balance may be in favour of the British merchant?—Possibly it may.

What are the visible signs of an influx of Cash and Bullion into this country?—That the exchanges are favourable to this country; and the Bullion brought in is almost invariably brought to the Bank for sale.

Is not the price of Bullion lowered in the market in consequence?—When it is plenty it is cheaper, like any other commodity.

Can you inform the Committee what has been the price paid by the Bank for Bullion for the last twelve months?—3*l.* 17*s.* 6*d.* an ounce for Gold, which is 4½*d.* an ounce under the coinage price. The price of Silver fluctuates. The Bank has given not more than 5*s.* 1½*d.* per ounce for Dollars, which brings out standard Silver to about 5*s.* 4*d.* an ounce, as I suppose: the coinage price is 5*s.* 2*d.*

Can you inform the Committee the quantity of Gold purchased by the Bank in the last twelve months?—I cannot accurately; what has been purchased has been chiefly bars from light or cut Guineas; the importation of foreign bars not having been considerable; but there has been some.

Is not the influx of Bullion generally occasioned by a favourable course of exchange?—Yes.

Has not the course of exchange been favourable for many months?—I apprehend it has not been unfavourable.

Has the importation of Bullion, of late, been such as it ought to have been, considering the state of exchange?—I am not able to answer these kind of questions.

Do you think that the Specie of the kingdom is concealed, or that it has been actually sent out of the country?—I believe myself that a great deal is concealed and locked up; for I conceive no person could afford to send it out of the country, as the exchange has been of late, except to Ireland.

If no person could afford to send Gold out of the country, in consequence of the price of exchange, ought not a larger proportion of Bullion to have been sent in?—I am not sufficiently informed of the real par of the exchange, to be able to judge whether the exchange has been at such a rate as to pay for bringing in Bullion.

*S. Bosanquet, Esq.*14 March,
1797.

Do you believe that the amount of Cash and Bullion in the kingdom has, upon the whole, been diminished since the commencement of 1796?—I really don't know how to answer that question.

In what manner have the causes, mentioned by you in a former answer, namely, the expense of armies, subsidies, &c. reduced the Specie in the Bank to that state which excited your apprehensions?—By causing the exchanges from the beginning of 1795, as I suppose, to be against this country. But I meant to state the effect, and can only refer to this cause: I cannot state any other.

Can you state to the Committee the reason why so small a quantity of Money has been coined during the last two years?—Because a larger quantity of Bullion has not been brought to the Bank for sale.

Conceiving the Money sent abroad, from the causes which you have stated, to be dangerous to the Bank, did you make any representations to Government on that subject?—We did.

At what period?—I think in the month of December 1794, previous to the adoption of a loan of six millions to the Emperor.

Have you, at any subsequent periods, repeated such representation?—We made several representations, that in consequence of that loan we should be less able to make the usual advances to Government.

Were not, in point of fact, the advances to Government higher, after that loan had taken place, than they had ever been known to be at any former period?—They became much higher than they were at the time we made the representation; I cannot positively say whether they might not have been higher at some former periods.

Did you, after the loan to the Emperor in the year 1795, make any further representations to Government on the subject of sending Money abroad?—Yes; in October 1795, we represented that there was a report that probably an Emperor's loan might take place. Mr. Pitt then said, he had no thoughts of it. And in November 1795, Mr. Pitt was informed, that a suspicion was renewed of an Imperial loan; and the answer was, that circumstances had very materially altered on the Continent; that possibly one was in contemplation, but that it should not be adopted, unless it could be made to suit the convenience of the Bank. On this, on the 3d of December, there was an unanimous resolution of our Court, that the effects of such a loan would be momentous and alarming, and fatal in their consequences. This resolution Mr. Pitt desired to have to show the Cabinet; and said, that, under such circumstances, he should not bring a loan forward.

Did you understand these representations, on your part, to apply equally to a loan and to any other mode of advancing Money for the service of the Emperor?—The best answer to that question is, to state, that on the 11th of February 1796, the Court presented a paper to Mr. Pitt, stating, that any further loan or advance of Money to the Emperor would in all probability prove fatal to the Bank.

Did you understand the assurance which you received from Mr. Pitt, that he would not bring forward a loan for the Emperor, as a security to you that no Money would be sent abroad on that account?—I believe Mr. Pitt's answer to our representation on the 11th of February satisfied the Court; which answer was, that after what he had repeatedly said, he did not see any reason for this paper, which he supposed was penned in a moment of alarm.

Do you think, that in the circumstances of the Bank at that time, the Court would have been satisfied, if they had not understood, from Mr. Pitt's answer, that no Money would be sent abroad for the service of the Emperor, at least without a previous communication with them?—I cannot think they would.

Do you know that, during the year 1796, and subsequent to these communications with the Chancellor of the Exchequer, considerable sums of Money were sent out of the kingdom for the service of the Emperor?—I have heard so with the rest of the world.

Did you receive any intimation from the Chancellor of the Exchequer, that such remittances took place?—I do not remember that any communication with the Court took place on the subject.

Mercurii, 15^o die Martii, 1797.

Samuel Bosanquet, Esq. called in, and further Examined,

*S. Bosanquet, Esq.*15 March,
1797.

HAVE the consequences, which have followed since the above-mentioned representations to Government, confirmed you in the opinion which you entertained at the time of making them, of danger to the affairs of the Bank, if any loan or advance of Money for the service of the Emperor was to take place?—We apprehended it would cause a drain of Cash on the Bank, and it is too well known such a drain has taken place.

Have

Have you made any representations to Government on the subject of the outstanding advances made by the Bank?—Before I answer that question, I beg leave to premise, that every communication with the Chancellor of the Exchequer has been of a private, and in a great degree confidential nature; that it puts me in a delicate situation to be obliged to disclose such conversations as have passed; but I am ready, under the direction of the Committee, to answer every question it may think proper to put to me. To the question above put, I answer, Several representations have been made on the general state of the advances made to Government by the Bank.

S. Bosanquet, Esq.

15 March,
1797.

Can you state the substance of such representations, the periods at which they took place, and what passed in consequence of them?—On the 17th of January 1795, it was communicated to the Chancellor of the Exchequer, that, on account of the proposed loan to the Emperor, it was the wish of the Court he would so settle his arrangements of Finance this year, as not to depend on any further assistance from the Bank beyond what was already agreed upon, and particularly as to the advance on Treasury Bills of Exchange, which the Court cannot permit to exceed the stipulated sum of 500,000 *l.*—Mr. Pitt said, he would arrange matters accordingly; but as to the Treasury Bills, it might not be in his power to reduce the advance on them till after the first payment of the loan of that year.

On the 17th of April 1795, representation was made, that the advance on Treasury Bills exceeded 1,600,000 *l.*, which had been promised to be paid off from the first payment on the loan; and expressing the determination of the Court not to pay in future beyond 500,000 *l.*—Mr. Pitt promised an immediate repayment of 1,200,000 *l.*

On the 12th of May 1795, Mr. Pitt was informed, by letter, that the Treasury Bills would amount, according to a list which had been sent down, to the sum of 1,830,000 *l.*, before the middle of June; and to request that the account might be reduced to 500,000 *l.*, beyond which the Court would not advance.

On the 5th of June Mr. Pitt was informed, by letter, that by the end of the next week the Treasury Bills would amount to 1,658,000 *l.*; and to desire the reduction to 500,000 *l.*, according to his promise.

Some repayments generally took place in consequence of these letters, but I conceive in no instance to reduce it to the 500,000 *l.*

On the 28th of July a letter was sent, to say, the Bills were 1,510,000 *l.*; and again representing, they ought not to exceed 500,000 *l.*

On the 30th of July the Governor waited upon Mr. Pitt, and read to him a Resolution of the Court, taken in writing, signifying its desire, that he would adopt some other mode of paying the Treasury Bills, or so to arrange the furnishing Money to pay them, that the Bank should never be in advance more than 500,000 *l.*, as the Court was determined to give orders to the Cashiers not to pay beyond that stipulated sum: but the Court was desirous, that, previously, a day should be fixed with the Chancellor of the Exchequer for this regulation to take place. Mr. Pitt was at the same time informed, that it had never been the intention of the Court to make a permanent advance on these Bills, even to the amount of 500,000 *l.*, but merely to afford a running credit for that sum: And the Governor further informed him, that the advance on that account, by the 10th of August, would exceed 2,200,000 *l.* It was stated, that the calls had been such of late, and the drain of Specie so great, as made the Directors earnestly wish to lessen their credits as much as possible: and Mr. Pitt was then pressed to name the day when the Resolution of the Court, above referred to, should commence; but Mr. Pitt said, he could not do it at that moment.

On the 7th of August, the Chancellor of the Exchequer having applied, by letter, for the loan of two millions and an half on the surplus of the Consolidated Fund 1795; the Court postponed the consideration of his letter, until he shall have finally arranged the mode of reducing the Treasury Bills of Exchange to 500,000 *l.*, and should so arrange that business, that the Bank should never be in advance above that sum. And in reporting this Resolution to Mr. Pitt, the Governor urged the necessity of taking care of the Bank as our first object.

On the 14th of August another letter was received from Mr. Pitt, respecting an advance on the Consolidated Fund, and the repayment of the Treasury Bills. In answer to this letter, the Court acceded to the proposition for a loan of two millions and an half on the Consolidated Fund, but not on the terms proposed in Mr. Pitt's letter; and he was informed that the Court did adhere to their former Resolution, about the Treasury Bills, but would consent to wait for the repayment of one million of the sum already advanced beyond 500,000 *l.*, until the end of November 1795, provided positive assurances be given, by the Chancellor of the Exchequer, that this million shall be punctually so paid, and that in the interim between that time and the end of November, the Bank shall in no case be in advance above 1,500,000 *l.*, and which by the end of November shall be reduced to 500,000 *l.* Mr. Pitt was desired to devise some other means of paying Treasury Bills in the next Session of Parliament. Mr. Pitt returned a letter, signifying his acquiescence and promise of punctually complying with the terms proposed by the Bank.

On the 9th of October 1795, the Governor laid before the Chancellor of the Exchequer a paper, representing the situation of the Bank, and the fears of the Directors, and the

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 1797.

apprehended causes of the drain of the Specie; and recalling to his recollection, that in January 1795, they waited on him with a declaration of the Court of its fears what might be the consequences of an Emperor's loan; which events now fully justify. In this paper the absolute necessity was stated, of diminishing the sum of the present advances to Government, the last having been granted with extreme reluctance, as he must have perceived, on the part of the Bank, and only on his pressing solicitations and statements, that serious embarrassments would arise to the public service, if refused. He was desired so to arrange his plan, as not to depend on an immediate advance on the land and malt; and was urged to provide for the reimbursement of the stipulated million on Treasury Bills; and further, if possible, to bring forward the repayment of 1,400,000*l.*, still remaining on Consolidated Bills 1795, from the month of April, when they would regularly fall due, to January or February.

On the 18th of November 1795, the Governor informed the Chancellor of the Exchequer, That large drains of Specie filled the minds of the Directors with apprehension; and that in the present situation of their affairs, he must not rely on any aids from them for the next year, not even the Vote of Credit and Supply Bills. At that time it was stated to him, that Gold sold at 4 *l.* 2 *s.* an ounce.

On the 20th of November the Governor informed Mr. Pitt, That it would be absolutely out of the power of the Court to make the usual advance on the Vote of Credit; and he announced this before the new loan took place, that Mr. Pitt might arrange accordingly. Mr. Pitt was informed, at the same time, of the determination of the Bank to have the Treasury Bills paid off at all events out of the new loan then about to be made.

On the 12th of December representation was made, that the Treasury Bills amounted to 2,670,000*l.*; and a promise was given that it should be reduced to 500,000*l.*

Were you informed of the clause, empowering the Bank to make advances on Treasury Bills of Exchange, previous to its being proposed to Parliament in 1793?—Yes; I was the occasion of its being brought forward. It had always been the custom, time out of mind, for the Bank to pay Treasury Bills of Exchange directed to them, although there were no Money on the account, specifically to make them good. The advance on this account used to amount to 20, or perhaps 50,000*l.*; when it used to be certified to the Treasury, and a warrant come down for the repayment. I believe in the American War, the advance on this account has sometimes ran to near 150,000*l.*, but hardly think it ever exceeded that sum. It appearing to me, when I was Governor of the Bank in the year 1793, that the penalty of the Act of William and Mary on the Directors for advancing Money to Government without sufficient authority, might be construed to attach on this transaction, I suggested to Mr. Pitt, with the approbation of our Court, the propriety of exempting us from the penalties of that Act, if it was deemed necessary that the same mode of payment should continue. In consequence, a clause, repealing that part of the Act of William and Mary, which laid the penalty, was introduced into a Bill in Parliament, and it was originally intended that the penalty should be taken off only in case the advance on Treasury Bills should be restrained within a limited sum; but why the clause went through the House without any restriction of sum, I cannot take upon me to say. I quitted the Chair at the Bank just at the time, and do not recollect any communication took place between the Chancellor of the Exchequer and the Bank at the time of the Bill's actually passing.

Could the advances on Treasury Bills have grown to the amount which has been the subject of such frequent representations from the Bank, without the introduction of this clause?—Certainly not. I wish to have it understood, that this clause originated entirely with the Directors of the Bank; and, I believe, had never been thought of by the Chancellor of the Exchequer. The Directors asked it as a necessary indemnification for themselves, and wished it might be extended to the sum of 50 or 100,000*l.*, as might be thought most agreeable.

Would they not have wished, had they been aware of it, to guard against opening the door to advances to so great an amount on Treasury Bills, as those which have taken place since the adoption of that clause?—Yes.

Will you proceed to state what further representations were made to Government by the Bank, on the subject of their advances, in the course of the year 1796, and what passed thereupon?—On the 28th of January 1796, the Treasury Bills still continued so high, and the account unsettled, that the Court came to a Resolution not to pay a sum of 200,000*l.* of them, which fell due the next week, unless Money should be sent down specifically to pay that 200,000*l.*; which was sent down, and the Bills were paid accordingly. A Deputation was sent with this Resolution to Mr. Pitt; who were directed further to declare to him, that the Bank would absolutely have an end of this business, and to desire him to fix a day for its conclusion; he said, he hoped to do so by the 5th of February, on which day we were appointed to wait on him again. We waited upon him the 5th of February; when Mr. Pitt said, he had taken measures that the Treasury Bills should be immediately reduced to 200,000*l.*, but he could not totally close the account till May or June. I think he said till the Navy was funded; but that not more than 300,000*l.* he hoped could be drawn for above that sum of 200,000*l.*

On

On the 11th of February Mr. Pitt was informed, that the Court would continue to pay Treasury Bills till May, and in the interval would advance upon them as far as 300,000*l.*; that sum must not be exceeded. Mr. Pitt said, that he would endeavour it should not be exceeded; but the public exigencies might force him to it, and oblige him to have recourse to the Directors for some temporary accommodation, which they might grant, or not, as they should judge advisable. The Treasury Bills were very considerably reduced; but after that period got up again, so that in the month of May they stood at near a million.

S. Roques, Esq.

15 March,
1797.

In the month of April a second loan for the service of the year 1796, was negotiated by the Chancellor of the Exchequer; and out of that loan it was proposed to pay off to the Bank four millions, standing upon the Supply and Vote of Credit Bills; about one million still standing upon the Consolidated Fund 1795, and about half a million of Navy Bills unsubscribed, making in the whole 5,500,000*l.* The whole of that sum was repaid to the Bank, except 1,054,000*l.* on the Consolidated Fund 1795. Since that period, namely in July, the Bank took 800,000*l.* of Exchequer Bills, which now appears as an advance on the Vote of Credit of 1796, as a repayment of so much advanced on Treasury Bills, which were then got pretty high. About the same time the Bank received an application from the Chancellor of the Exchequer, to advance another sum of 800,000*l.* in July, and a further sum of 800,000*l.* on the surplus of the Consolidated Fund 1796, to be advanced in August. The first of these two sums the Bank consented to advance with great reluctance, and refused the second; but in the subsequent week they received a letter from the Chancellor of the Exchequer, stating, that what the Bank had consented to, would not be of material service to the Public, unless they consented to the other advance of 800,000*l.* in August; his request was then agreed to; but a solemn representation took place, drawn up in a formal manner, upon the situation of the Bank, and the state of its advances; which paper, I think, was desired to be laid before the Cabinet.

Did the Chancellor of the Exchequer state to you the nature of the services for which those two sums of 800,000*l.* each, to be advanced in July and August, were required?—The negotiation for the loan of these sums from the Bank, was conducted, as is usual, by the Governor and Deputy Governor. I was not present; and I do not recollect that any specific service was mentioned in the Chancellor of the Exchequer's letter to the Bank: but in the course of debate in our Court, I remember well it was urged as a motive for granting the sums, that the Army could not be paid without them; but on what this was grounded I cannot say.

Was there any suspicion entertained, that any part of these sums might be applied to advances for the service of the Emperor?—I believe none at all.

You are desired now to proceed with an account of representations made to Government on the subject of the Bank advances in 1796?—Repeated applications, during the course of the year, were made on the subject of the Treasury Bills; they are too numerous to state the particulars: but in October or beginning of November an application was made by the Chancellor of the Exchequer for the usual advance on land and malt for 1797, which, to the best of my recollection, was, in the first instance, positively refused, until some settlement had taken place on the subject of the Treasury Bills, and a Deputation was appointed to wait upon him with this refusal. In consequence of which the following arrangement was made: That the Bank would advance 2,750,000*l.* on land and malt 1797, on condition that the sum of 1,513,345*l.* 19*s.* 7*d.* already advanced on Treasury Bills, be paid thereout; and that all such Bills which shall fall due in November and December, shall be satisfied by Money to be sent down for the purpose: and that from the 1st of January 1797, in future, provision shall be made, on notice that Treasury Bills have been accepted to the amount of 100,000*l.*, that Money, or Exchequer Bills to that amount, shall be issued to the Bank three days before the whole sum becomes due. This Resolution was communicated by the Governor; who informed the Chancellor of the Exchequer, that the Court intended to adhere strictly to these terms.

Was this arrangement adopted and adhered to?—It was not; if it had, the Bank would not have been so much in advance on Treasury Bills as they are.

Have any applications been made for a reduction of the Bank advances in the course of the present year?—Yes; subsequent to my illness, which must have been about the 10th or 12th of February, a long conversation took place with the Chancellor of the Exchequer, by a Deputation from the Court, on the subject of the proposed Irish loan; and it was then in a manner agreed, that it would be advisable, by means of a new loan from the Public, to pay off from five to seven millions of the debt due to the Bank. I cannot say whether any took place earlier in the year than above stated, on account of my confinement.

Had the Bank any expectation, that a part of the loan of eighteen millions, which was negotiated in December, would be applied to a reduction of their advances?—We expected that, from the amount of that loan, or the Exchequer Bills grafted upon it, we should receive the whole of the Treasury Bills. I suppose they might be about 1,500,000*l.* at that time; for which we had had a promise in November. We received about 300,000*l.* arising from Exchequer Bills sold in February: there might be other sums, but I cannot give an account of them; but the advance continued much the same, by other Bills coming in.

Did you agree to make the payments on the loan negotiated in December?—No.

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15 March,
1797.

Did you pay up the whole of the million which you subscribed to that loan?—I stated before, that 1,054,000 *l.* remained unpaid of the Bills on the Consolidated Fund 1795. The Bank paid up the whole million of their subscription at once, to enable Government to repay them that sum, which was done.

Does the Bank now hold that million?—Yes.

Are you of opinion, that if early and effectual measures had been taken in the year 1796, for the purpose of reducing the Bank advances, that such a measure would have materially contributed to prevent the embarrassments which the Bank now experiences?—It is entirely a question of opinion; but I suppose, if large repayments had been so made to the Bank, it must have tended to have set the Directors at their ease in the management of the Bank concerns.

Would such repayments, at any period in the present Session of Parliament, have produced that effect?—It would have had the same tendency, but could not have been so effectual as if made sooner; the reason is obvious, the drain was going on all the time.

In your communications with the Chancellor of the Exchequer on the 21st of February, when, in your opinion, the danger had become imminent, or at any time between that day and the 26th of February, did you advise or suggest any measure, as calculated for the security of the Bank?—Nothing was suggested as I know of, but this Order of Council.

Jovis, 16^o die Martii, 1797.

John Puget, Esquire; called in, and Examined.

John Puget, Esq.

16 March,
1797.

WHAT is the nature of your concerns in trade, with respect to Ireland?—We are agents to the Bank of Ireland, and merchants; and occasionally act for the Irish Government.

When was the Bank of Ireland established?—I do not recollect exactly, but it was before 1790.

During the year 1790, and the subsequent years, has your House been engaged in transmitting Money to Ireland?—It has.

In what manner was that Money usually transmitted?—It was transmitted in Specie.

To what amount has that generally been in the year 1790, and subsequent years?—Upon an average about 300,000 *l.* a year to the Bank of Ireland, and to other correspondents.

Do you include in that average the last year, 1796?—As the balance of trade, exclusive of loans.

Has then any Specie been remitted, exclusive of the balance of trade, in consequence of loans?—There have been two loans in this country for Ireland: one for 500,000 *l.* in 1794, and one for 1,100,000 *l.* in 1795: of which two loans, upwards of 1,200,000 *l.* was remitted in Specie.

During what time did that sum of 1,200,000 *l.* go to Ireland in Specie?—From about March 1794 to December 1795.

Has any Specie been remitted, for loan, to Ireland in the year 1796?—There was no Irish loan in 1796.

Was any part of the loan of 1795 remitted in 1796?—There might be some in January, but none beyond.

Do you know of any Specie remitted to Ireland in 1796, except as to the balance of trade?—No; I am speaking entirely of my own House; I imagine none was remitted by any other, because the Bank of Ireland always took Bills in Ireland, when it would answer to import Specie.

Do you mean to say, you apprehend that no Specie has been remitted to private persons in Ireland, and that the whole which has been remitted has been remitted to the Bank of Ireland?—In the year 1796, certainly, excepting inconsiderable sums.

Do you recollect having furnished any in 1796?—I apprehend I did, on account of the paymaster; and I will send the account to the Committee from the time of the commencement of the loans.

Has any Specie been remitted to Ireland in the course of the present year, 1797?—Yes; 50,000 *l.* went through our hands from the English to the Irish Government; and we sent between 80 and 90,000 *l.* in return for Bills drawn on the English paymaster: Exclusive of that, we have sent about 80,000 *l.*, part of the last Irish loan for 300,000 *l.*, which was made in the present year.

Are those three sums the whole which you know to have been remitted to Ireland in the present year?—Yes; upon Government account.

Have

Have any sums been remitted, by your House, on private account, in the course of the present year?—Yes; part of that sum which I before stated to be the balance of trade.

John Puget, Esq.

Can you state to what amount?—I cannot; but will send an account of it to the Committee. It is necessary I should remark, that in consequence of the French being off the coast of Ireland, the stagnation of credit in Ireland obliged many individuals here to send large sums this year on their own account.

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1797.

Can you form any opinion of the amount of the Specie so sent?—No accurate opinion, but certainly above 100,000 *l*.

Have you been in the manufacturing parts of Ireland?—I have been in Ireland; but not much in the manufacturing parts.

Can you inform the Committee, whether, in the manufacturing parts of Ireland, there is any considerable circulation of Paper?—I cannot precisely inform the Committee; but in the parts of the country where the provisions are made up, Specie is absolutely necessary for the purchase of cattle.

Upon what ground do you form your conclusion, that the balance of trade is 300,000 *l*.?—Because we annually transmit that sum; but I understand, that nearly, or about that sum, is paid to Whitehaven, and the parts near it, for coal, which is paid in Specie.

Then you apprehend the balance of trade to Ireland is nearly equal as to Specie?—Yes; as far as I can judge from the Specie transmitted and received here.

During a war, will not the necessary supply of provisions from Ireland tend to turn the balance of trade in favour of Ireland?—Yes, it will.

Can you state to what amount, in value, provisions have been furnished to this country annually during the present war?—I cannot.

Did you, in the course of the year 1796, transmit beyond the usual sum of 300,000 *l*. to Ireland?—No; except on return for Bills on the paymaster, as I have before mentioned.

You have stated "that in the course of this year, the sum of about 370,000 *l*. has been remitted to Ireland," is not the Committee to understand, that a proportionable sum has been returned to this country for the purchase of coal?—I cannot positively say that; some may have come back, but trifling.

Veneris, 17^o die Martii, 1797.

Benjamin Winthrop, Esquire; called in, and Examined.

WERE you employed in settling the amount of the Money paid to indemnify the proprietors of neutral cargoes, which have been detained by Government?—Yes.

B. Winthrop, Esq.

Can you ascertain the amount of the value of those cargoes?—Not at present, for they are not all reported; not much above one half. There are about 450 cargoes already reported on, since about the middle of the year 1794; and according to the number of freights, there will be upwards of 300 cargoes more to be reported upon.

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1797.

What is the amount of the 450 cargoes which have been reported upon?—Something more than 1,400,000 *l*.; and that does not include the freights; the freights and expenses are reported separately.

What is the sum which has been reported for freights and expenses?—Within that period, upon about 730 vessels, accounts of freights and expenses amount to near 500,000 *l*.

Have the sums so reported been paid?—I know nothing of that; but I have reason to think they have been paid; but it is not within my department.

Are these 450 cargoes, which have been reported upon, and the 300 which remain to be reported upon, all the neutral cargoes which have come before you?—Yes; there are more than 300 still to be reported upon.

Is any Money paid, in respect of any of these cargoes, or claims of freights and expenses, before you make your report?—Frequently on cargoes; by what we call a verbal report; when the claimants wish to receive Money on account, before a report can be made, it is usual for the registrar, assisted by the merchants, to signify that such a part of the demand may safely be paid.

Can you state the amount which has been paid on such verbal reports, beyond what has been paid on your written reports?—I cannot at this moment; we have it in a book at Doctors Commons; we have nothing to do with business, further than assisting the registrar with our judgment.

Previous to June 1794, were you employed in the same manner in assisting the registrar?—I was.

*B. Winthrop, Esq.*17 March,
1797.

Can you state the amount of cargoes and claims of freights and expenses, which you assisted in adjusting, previous to June 1794?—I cannot; but I believe they were not considerable.

Is the Committee to understand, that individuals buy the cargoes of neutral ships, and that Government pays the difference only?—I believe that is not the mode of conducting the business. Mr. Scott, I believe, takes possession of the corn cargoes, sells them, and I suppose accounts with Government for the proceeds. The claimant, when the report is made, is paid the amount of that report, I should suppose, without reference to the proceeds.

By whom is the amount paid to the claimants?—I should suppose by Government, or their order.

Do you believe the Money paid by Government, or their order, to neutral claimants, to be in general taken away in Specie, or is it used for the purchase of fresh cargoes in England?—This would open a very wide field indeed. What becomes of the Money after it is paid to the correspondents of the proprietor, or in what manner it is remitted abroad, is impossible for me to say.

Can you state the amount of reports made in each year since the period to which you have referred in 1794?—I will send such an account from Doctors Commons.

Are you a Bank Director?—I am, but have not passed the Chair.

Are you engaged in any commercial business?—Not at present.

Have you been so engaged?—Yes.

What, in your opinion, has been the immediate cause of the demand on the Bank for Specie, which took place in January and February last?—The immediate cause that preceded the Order of Council, I believe, arose in a great measure from the fears of invasion.

Do you apprehend there was any other immediate cause?—If I was to give my opinion as to the cause of the diminution of Specie in the kingdom, I should go further back than the time I have mentioned before; perhaps two years back. I should impute it, in a great measure, to the Imperial loan; to the subsidy to the King of Prussia; to the amount of Bills drawn for the expenses of the war on the Continent; to the Bills drawn from the West Indies; to the amount of neutral cargoes; and in general, to such causes as appear to me to have no connection with trade, or with any balance of trade.

Do you apprehend that upon the general balance of trade, independent of the circumstances mentioned in your answer to the former question, there would probably have been any diminution of Specie in the kingdom?—I should apprehend not. If I am asked the reason why I apprehend not; I should say, that, independent of those drains, I apprehend the balance of trade generally to be in favour of this country.

Do you conceive, that the drains, which you have mentioned, have been so large as to counteract the operation of the balance of trade in bringing Specie into the kingdom?—I think so.

Do you think they have so operated to any considerable amount?—I should think very considerable.

Has the Course of Exchange between this country and other countries been, during the two last years, in general, favourable or unfavourable to this country?—I think, as well as I can recollect, that during the time of the year 1795, that I supposed the Money lent to the Emperor to be in its egress, that the Exchange fell considerably.

Did the Exchange afterwards rise again?—I beg leave to refer to Lloyd's Lists; and on reference to those lists, it appears that it rose towards the end of the year 1796.

Do you believe that the drain occasioned in the present year, by the fear of an invasion, would have occasioned the present distress of the Bank, had not the amount of its Specie been before considerably reduced by other causes?—If our Money had been as high as it was in the beginning of the year 1795, the actual drain that took place in the beginning of 1797 could not have hurt us, unless that drain had grown much more considerable.

Can you assign any other causes than those which you have already stated, as having, in your opinion, contributed to the present embarrassments of the Bank?—None that I know of, as I have already alluded to whatever causes might tend to carry Money out of the kingdom, unconnected with trade, or any balance of trade.

Did you concur, as a Director of the Bank, in the representations made to Government on the subject of the Bank advances?—Certainly I did.

Will you state to the Committee, what effect has been produced upon the affairs of the Bank by the high amount of those advances?—I conceive, that those advances would have tended to put it out of the power of the Bank to fulfil its engagements, if the drains of the Bank had continued, unless means had been found to pay a considerable sum to the Bank on those advances.

Are

Are you then of opinion, that if a timely payment had been made to the Bank, of a considerable sum on those advances, the circumstances which produced the Order of Council might have been obviated?—If that payment had been made at such a time, and to such an amount, as would have prevented demands being made on the Bank for Specie, then the difficulty might have been obviated: It seems to me, that if so many of our Bank Notes had been paid in, in discharge of the whole, or a very considerable part of the sum due from Government to the Bank, the amount of the remaining Bank Notes in possession of the Public, would not have come in for payment in such quantities as to have distressed the Bank; because I apprehend the Bank might always have safely depended on a very considerable sum being at all times necessary for the use and for the currency of the Public.

B. Winthrop, Esq.

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1797.

Are you of opinion, that a want of punctuality, on the part of Government, in fulfilling its engagements, and the great depreciation of all Government Securities, have materially contributed to diminish public confidence?—I was not sensible of any want of public confidence until this event happened. I would add, I was always fearful that such very large advances to Government might at some time or other operate very prejudicially to the Bank, and therefore on many occasions, as an individual Director, I have been against such advances.

Have the events which have lately happened, induced you to alter the opinion which you entertained at the time, when you, as an individual Director, objected to such advances?—On the contrary, very much to confirm.

Is it to be understood then, that, in your opinion, such advances have operated prejudicially to the Bank?—Certainly, by tending to increase the disproportion between the sums we were subject to be called on for, and the means of discharging those sums. I would wish to add, I mean to combine the causes of the diminution of our Cash, occasioned by the fears and alarms of invasion; for if it had not been for the accelerated drains occasioned by such fears and alarms, notwithstanding such advances, it does not appear to me certain, that the Bank must necessarily have been reduced to stop its payments.

Are you of opinion, that the Money sent abroad in the course of the last year, for the service of the Emperor, operated prejudicially to the Bank?—Every sum of Money sent abroad must, in my opinion, have operated, in a certain degree, more or less, to that end.

Is there a regular minute kept at the Bank of all their resolutions and proceedings?—There are books of minutes of the Court.

Would the result of their deliberations on the subject of the Money sent abroad for the Emperor, and of the advances made to Government, appear from such books of minutes?—I believe most of them would.

At what time, according to your observation, did the drain, created by the alarm of invasion, commence?—I think within a fortnight, or less, of the issuing of the Order of Council.

Had it ever occurred to you, to form any opinion, previous to that time, upon any grounds which you can now state to this Committee, within what period, in consequence of all the other causes which you have mentioned, as concurring to produce the present situation of the Bank, the Bank would probably have been in its present situation, if the drain arising more immediately from the alarm of invasion had not taken place?—Notwithstanding those causes, which I did not consider as of themselves sufficient to bring about this situation, I was in hopes this event would not have happened; and I was of opinion, that the only way to prevent this event was, by strenuously endeavouring to reduce the Government debt, and by diminishing our discounts, which diminution of discount I conceive might not have been necessary, if a considerable part of the Government debt had been paid off.

Have you as yet formed any opinion, within what period of time all the causes which you have mentioned as producing, or tending to produce the present situation of the Bank, independent of the effect of the alarm of invasion, must have produced that situation, supposing the Government debt not to be considerably reduced, and the discounts of the Bank not to be considerably diminished?—I have not.

Have you the means of informing the Committee, what quantities of Cash or Bullion have in fact been taken out of this country, in payment of the Imperial loans, the subsidies to Prussia, the Bills for expenses on the Continent, the Bills from the West Indies, or in payment for neutral cargoes; all or any of them?—I have not. I speak my opinion as to what I conceive to be the necessary effect of those causes, in regard to the diminution of the currency of the kingdom.

Is your opinion on that subject founded on your own general reasoning; or is it founded on your knowledge of what quantity of Cash has actually gone out of the kingdom in consequence of all or any of the causes you have mentioned in your examination?—On the former, as in the general effect, on the latter, as in the knowledge of the particular drain of Specie from the Bank.

Is it your opinion that there is less Cash at present in the kingdom than there was upon the 1st of December last; it being a known fact that there is less Cash in the Bank of England

*B. Winthrop, Esq.*17 March,
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England than there was there on the 1st of December last?—I have no means of knowing; but I should suppose, the quantity of Cash in the kingdom remaining equal, that the diminution at the Bank may be accounted for by the consequences of those fears and alarms of invasion.

Have you any more accurate means of knowing what Cash, and to what amount, may or may not have been taken out of the kingdom within the last two years, than you have of knowing what Cash has been taken out of the kingdom since the 1st of December last?—The decline of the Exchange in the year 1795, convinced me at the time, that my fears of Money going out of the kingdom, in consequence of the Imperial loan, were well founded; but I have no accurate means of knowing the fact, but by the declension of the Specie at the Bank.

Are you of opinion, that if a considerable quantity of the Bank Notes had been brought in, in repayment of Government advances, there would or would not have been a want of a sufficient circulating medium for the purposes of the general trade of the country, if the amount of those Bank Notes brought in had not been in some other form restored to circulation?—There might, but I conceive the exportation of a considerable part of the national currency might create a want of necessary currency; which want, I thought it might be dangerous to endeavour to obviate by too large an emission of paper currency; but in such case, though there might be a want of circulating medium, it appeared to me very possible that the Bank might be safe.

Attending to your observations, upon the effect of the alarm of the invasion as creating a drain on the Cash of the Bank, are you of opinion, that if such an alarm had existed, together with a want of a sufficient circulating medium in the country, the Cash of the Bank could have withstood the effect both of that alarm and that drain, if its Notes had amounted to one half of those which existed on the 26th of February last?—After the Bank had been enfeebled by the consequences of the drain of Money from this country, I conceive it very possible, had the Notes outstanding been but half the amount of what they actually were, the same effect might have followed from the alarms occasioned by the fears of invasion.

Do you mean, by the words in your answer to the last question, "The drain of Money from this country," to state to the Committee, that you know, or that you only believe, from general reasoning, that there has been such a drain to any given amount?—I believe that the state of the coffers of the Bank generally show whether Money is coming into or going out of the country.

If Cash was sent out of the kingdom, not by Bills drawn on foreign countries, but by ship, what, in your opinion, would be the effect on the Exchange with that country to which Cash was so sent?—If remittances to any considerable amount were to be made from this country to any other, I believe the Exchange on that country would fall against us; if Money was sent, or Bullion, it would, in my opinion, stop the fall of the Exchange.

What do you mean by remittances?—When any merchant has occasion to remit any Money to any foreign country; I mean, that then remittances are to be made, and the merchant who has to remit, will consider in what mode he can most profitably make his remittances; he will see at what rate of Exchange he can purchase Bills; he knows what the price of Bullion is abroad; he knows the price here, and if that appears to him the more advantageous mode of remitting, he will purchase Bullion, and remit it in that way: if he cannot purchase Bullion, by reason there may be none in the market, some men in trade may melt down the Gold Coin of the kingdom, which in that case, let the price of Bullion be what it may, he purchases at 3*l.* 17*s.* 10½*d.* an ounce.

If any person were to remit 500,000*l.* in Cash to Hamburgh, not regarding the expense of such a remittance, and the Money was to be there employed, not for the purposes of commerce, would that occasion any alteration in the Course of Exchange to that country?—I see no reason to suppose that it would.

Sabbati, 18^o die Martii, 1797.

Claude Scott, Esquire; called in, and Examined.

*C. Scott, Esq.*18 March,
1797.

HAVE you been employed to purchase Corn on the part of Government?—I have.

When were you first so employed?—Either the latter end of 1792 or beginning of 1793.

Can you state to the Committee the quantity and value of Foreign Corn so purchased by you?—I am not prepared to state the quantity; but the Money paid by the Treasury for all the Corn purchased by me, for their account, for the year 1792-3, to the end of 1795, amounts to 1,031,369*l.* 9*s.* 1*d.*; being for the amount of the Corn purchased in 1792-3, that is, 611,263*l.* 19*s.* 10*d.*; and for the amount purchased in 1795, 420,105*l.* 9*s.* 3*d.*; which two sums were paid at different periods down to the beginning of the year 1797.

Had you any concern with the neutral cargoes, consisting of Corn, which were brought into this country and taken by Government?—I had; for in 1794 the Commissioners of the Victualling

Victualling Office employed me to sell the Corn, being part of the neutral cargoes detained that year, which amounted to 250,666*l.*; which sum was paid into the hands of the Treasurer of the Navy by the order of the Commissioners of the Victualling Office: and in the year 1795, the cargoes by neutral ships, consisting of Corn, Provisions, and general Merchandize, were put into my hands, to be sold on the account of Government; part of which has been sold, and part remains unsold; that for the payment of part of these cargoes to the claimants I drew on the Treasury for 321,930*l.* 11*s.* 9*d.*, and I myself paid freights to the amount of 135,000*l.*—The system for the payment of the amount of the neutral cargoes to the claimants was then changed; and I understand the claimants have since been paid, and are now paying, by Navy and Victualling Bills, in the like manner as the claimants of the cargoes detained in 1794 have been paid and are now paying.

C. Scott, Esq.

18 March,
1797.

Was any part of the Foreign Corn purchased by you to the amount of 1,031,369*l.* 9*s.* 1*d.* part of the neutral cargoes which you have last-mentioned?—It was no part of it.

Can you state the total amount of that part of the neutral cargoes sold by you, which consisted of Corn?—No; it is not in my power, the accounts not being made out; but I have repaid to Government, for the produce of that part of the Foreign Corn purchased by me, which has been sold, and on account of the produce of that part of the cargo by neutral ships to the amount of about 1,200,000*l.*, and I conjecture the further amount of what remains may be 200,000*l.* more.

Can you state what is the probable amount of the Money paid for Foreign Corn, part of neutral cargoes?—No, I cannot; because the transactions were so blended, and having only one Cash Account with Government, my payments were made on one general account; the transactions themselves will be distinctly stated when the accounts are made up.

Can you state generally what you consider to have been the expense incurred by Government for the purchase of Corn since 1792-3?—I am not able to state any thing further than I have already stated, because the Money paid for neutral cargoes does not come under my notice.

Have you any knowledge of the manner in which the owners of neutral cargoes remitted the proceeds from the sale of Corn; whether it was remitted by fresh cargoes of English goods, or by Bills or Specie?—I have no means of knowing what the claimants did with the Money.

Walter Boyd, Esquire, a Member of the House; called in, and Examined.

ARE you employed as one of the Agents for the Emperor?—My House, or Boyd, Benfield, and Company, are the Agents in England for his Imperial Majesty.

W. Boyd, Esq.

Does the whole of the Money remitted from this country for the service of the Emperor pass through your hands?—Yes.

Can you state the amount of Money sent, during the present year, out of this country for that purpose?—If by "Money," is meant the Coin of this country, or Bullion of any kind, I can positively say that none has been sent.

To what amount have remittances, not in Specie or Bullion, been made by you for the service of his Imperial Majesty, in the present year?—I cannot, from memory, say what sums have been remitted; but the sums issued by Government for that purpose, have been all faithfully applied. With respect to any other statement, I conceive that I am not bound to give any such statement beyond the account of issues from this Government.

Have you then made other issues for that service, exclusive of those which have been made on account of Government?—I do not conceive, that, as the Agent for his Imperial Majesty, I am bound to enter into any detail of the situation of the account of his Imperial Majesty with my House, further than as the same is connected with the issues from this Government.

Were you Agent for his Imperial Majesty for a loan which was negotiated in this country in the year 1795?—My House was.

Did the remittance for that loan pass through your House?—Yes.

Will you state in what manner that was remitted?—A very great proportion of it was remitted, as almost all remittances are made, by Bills of Exchange, and a certain portion in Foreign Bullion.

Can you state the portion remitted in Foreign Bullion?—It amounts to 1,192,120*l.* 13*s.* 10*d.* between the 9th of September 1794 and the 11th of February 1796.

Was it Gold or Silver Bullion, or was it both?—By much the greatest part consisted of Silver Bullion, principally Spanish Dollars. The amount remitted in Silver was 1,043,000*l.*; and about 150,000*l.* in Gold Bullion, principally Louis d'Or. The greatest part of the Bullion, both of Gold and Silver, was purchased of the Bank of England, and all of it through the intervention of the confidential Bank Broker.

*W. Boyd, Esq.,*18 March,
1797.

Was your House concerned in the remittances to the Emperor in the year 1796, on account of Government?—Yes.

Can you state in what manner those remittances were made?—By means of Bills of Exchange.

Was any part remitted in Coin or Bullion?—No part.

Have you been long engaged in commercial business—and principally in what line?—It is now upwards of twelve years since I was first established, for my own account, as a Banker at Paris; the business of which profession consists in dealing in Bills of Exchange and Bullion in that and other foreign countries.

When did you cease to be a Banker at Paris, and return to this country?—I came to this country in September 1792; but my House at Paris continued until the month of October 1793, when the acting partners there were obliged to escape in consequence of the decree of the National Convention, for seizing and confiscating British property in France, and imprisoning the persons of all British subjects.

When did you establish your House here?—In March 1793.

Have you any means of forming a judgment, whether the circulating Specie of this country has been diminished, since the beginning of the year 1793?—I have no other means than those derived from observation, aided by an experience in matters relative to circulation in general, of an extent, in point of sums, infinitely beyond what can be conceived, from the period of time in which I have been in business.

Did your situation, as a Banker at Paris, give you particular means of information on that subject?—Yes.

Was not Paris, when the commerce of that country was undisturbed, a central point of commercial circulation?—Yes; it was one of the three great places of Exchange upon which the commercial circulation of Europe principally turned; I mean London, Paris, and Amsterdam.

Has the judgment which you have formed from observation, aided by the experience which you have mentioned, led you to think that the circulating Specie in this country has been diminished since 1793?—I do not conceive that any considerable diminution can have taken place. I know for certain, that in the year 1793, large supplies of Bullion arrived from the Continent into this country; my House imported a considerable supply, as a profitable speculation; and some similar supplies were sent by the correspondents of my House for their account.

Do you mean to state, that the importation of Bullion from the Continent into this country, in the year 1793, was an importation in the ordinary course, or produced by particular circumstances?—If I recollect right, these importations were occasioned by the favourable situation of the Exchange at the time.

Do you apprehend that the quantity of Specie in the country was increased, during the year 1793, beyond what it was in the year 1792?—In so far as the Bullion imported was actually coined, it is natural to conclude that it was so.

Was the quantity of Bullion increased during the year 1793, beyond the year 1792?—In so far as Bullion was imported, to be sure that Bullion was an addition to what previously existed in this country; but at what period the same object which had occasioned the importation may have rendered exportation a favourable pursuit, I cannot say at this moment; the importation and exportation of Bullion depends altogether upon the relative prices of Bullion in this and foreign countries, and the relative situation of Exchanges between this country and such foreign countries. Bullion is considered in all the countries of Europe as merchandize, and of course the speculations in Bullion are precisely influenced by the same causes which determine speculation in any other article of merchandize.

Considering all these circumstances, do you apprehend that, since the beginning of the year 1793, a greater quantity of Bullion has been exported from this country than has been imported?—I should rather think so.

For what reason?—Principally from the unavoidable heavy expenditure in foreign countries, which this, as well as all other wars, has necessarily occasioned.

Can you state, whether, in your opinion, the quantity of Bullion has by such means been considerably reduced since the year 1793, so as to make the quantity now in the country much less than it was in the year 1793?—I cannot give a positive opinion on that point; but the impression upon my mind is, that no very great effect has been produced upon the quantity of Bullion in the country.

Do you apprehend that the trade of the country has been diminished since the year 1793?—No; I rather think it has been considerably augmented.

If the trade has been considerably augmented, would not the operations of commerce require a greater quantity of Bullion than was necessary before the augmentation?—I do not conceive that Bullion is indispensably necessary (I mean as the means of circulation) for

for the purposes of the trade of this country; but an augmentation of the circulating medium was certainly very necessary, in consequence of the augmentation of the trade of the country.

W. Boyd, Esq.

18 March,
1797.

What would be the consequence of a diminution of the circulating medium, at the same time that an augmentation of trade should take place?—The greatest distress would inevitably be the consequence.

What would be the probable effect of such distress upon the Cash of the Bank of England?—The distress which would arise in the commercial world, would in no degree be alleviated by drawing Cash from the Bank of England; but the alarm and distrust which the embarrassments in the commercial world would infallibly excite, particularly in the minds of timid persons not in business, would necessarily lead such persons to convert the Bank of England Notes into Coin.

What would be the effect of the Bank of England at such a moment lessening their discounts?—To give rise to that alarm and that distrust, which I have just stated as likely to lead timid persons to convert their Bank Notes into Coin.

What do you apprehend have been the principal causes of the drain which has taken place on the Bank?—I attribute the drain chiefly to that line of conduct, which I believe the Directors of the Bank of England have pursued since the month of December 1795, when they announced to the Public, by an advertisement, certain changes in the quantity and manner of conducting their business of discount.

Will you state what those changes were, and what you apprehend to have been their effect?—I cannot from memory state precisely the changes in question, but I believe that the consequence of that advertisement has invariably been a resolution on their part to diminish the circulation of their Notes, and consequently of their discounts.

Has that diminution of discounts, in your opinion, had a sensible effect on commercial circulation?—Undoubtedly; it has diminished the powers of commercial houses, and diminished the value of public securities.

Has the diminution of the value of public securities been the usual consequence of a known diminution of the discounts of the Bank?—Always, if continued for any considerable time; and indeed from the nature of things, this consequence must inevitably follow.

Does the diminution of the value of public securities tend to lessen private discounts, in consequence of the advantage to be gained by speculations in such public securities?—Most assuredly.

Does the diminution of discounts by the Bank lessen confidence in commercial transactions?—It necessarily must produce this effect; but it has also the further serious inconvenience of diminishing discounts by all private channels.—The moment that it is known that the Bank of England has resolved upon a diminution of discount, all private Bankers withhold a part of the facilities which they are in the habits of giving to their customers.

Are there any means by which the diminution of a circulating medium, produced by the diminution of the Bank discounts, can be supplied, besides private discounts?—It is necessary to observe, that private discounts can in no degree supply any of the diminution of the circulating medium, which in London principally consists of Bank of England Notes. Discounts by private Bankers are no addition to the circulating medium; they are only one of the many ways in which the circulating medium, really existing, may be employed. There are, to be sure, various means by which a circulating medium may be augmented, besides the issue of Bank Notes; but it has always been the general favourite wish of the country to owe the necessary augmentation of the circulating medium, rather to the Bank of England, than to any other establishment or expedient that might be devised.

If the Bank Notes, now in circulation, were to be considerably diminished, would that diminution lessen private discounts?—Most undoubtedly.

Would the diminution of private discounts be as considerable, or nearly as considerable, as the diminution of Bank Notes?—A great deal more so.

Supposing the quantity of Bank Notes now in circulation were diminished one half, do you apprehend that private discounts could be carried on to a considerable extent?—Not only private discounts could not, in that case, be carried on to any considerable extent; but the wheel of circulation, if I may so express myself, could not possibly turn round: indeed, the case supposed, cannot possibly exist, without either producing the most violent convulsion in the commercial and financial world, or necessitating a substitute, of some kind or other, for the Bank Notes, which would thus be forced out of circulation.

The advances by the Bank to Government, as they appear in an account laid before the House on the 13th of March, amounted on the 9th of March to 10,916,010*l.*, including interest; what do you apprehend would be the probable effect on the circulating medium, of paying off the whole, or a considerable part of that advance?—Such a measure is physically impracticable, because the sum in question exceeds the whole Bank Notes now in circulation. It is necessary to explain, that it is only impossible upon the supposition that no substitute is resorted to.

*W. Boyd, Esq.*18 March,
1797.

Does it occur to you, that the measure might be carried into effect by any means which suggest themselves to your mind?—No particular means occur to me for carrying into execution a measure which I do not conceive to be at all necessary; but if it were found to be indispensably necessary, no doubt it might be carried into execution, the Bank of England, or some similar Establishment, giving the necessary facilities which the circulation of the country would require during the operation.

Do you apprehend that the payment of a part of the advance from the Bank to Government would contribute to remove the present difficulty?—Not in the least; it would only, in my opinion, tend to increase it; unless, as I have already said, the medium of circulation, of which this operation would create a great diminution, were to be proportionably augmented by some means or other.

Are you not of opinion, that if the advances from the Bank to Government were repaid, the same number of Bank Notes might remain in circulation, with less danger to the Bank, and with more advantage to the commerce of the country?—I have already said that the payment proposed is physically impossible, unless the diminution of the circulating medium should be supplied by Bank Paper, or some other expedient.

Would not an increased commerce, by rendering the balance of trade more favourable to this country, naturally add to the quantity of Bullion, unless counteracted by other causes, and principally by loans to foreign powers?—It seems to me to be a matter of absolute indifference, whether we have a large quantity of Bullion, or a large quantity of any other merchandize; and that the influence of foreign loans must have been very small indeed, when considered as forming part of the whole foreign expenditure which this war, in common with all other wars, has occasioned.

Does not, in point of fact, a favourable balance of trade tend to introduce a proportionable quantity of Bullion into the country, unless counteracted by other causes?—It naturally does; but it is a matter of very great indifference whether that large quantity of Bullion comes of itself, or not; it being well known, that at all times, in this country, we may command any quantity of foreign Bullion that the real wants of the country may require.

Does not the natural influx of Bullion into the country depend on the price of Bullion in foreign countries, as well as on the balance of trade?—No doubt it does; and I have already stated that it does.

Has your House been engaged in remittances for subsidies or loans, from this Government, to any other foreign power than his Imperial Majesty?—No.

Supposing that Government had wished to repay the Bank advances, could it have obtained the funds requisite for this purpose any otherwise than by a loan?—I think not; either by a loan, or by some financial arrangement producing the effect of a loan.

Must not that loan have been furnished, as usual, by the monied interest, and have been paid into the Bank in Bank Notes?—Certainly.

Unless the Bank had re-issued a number of Bank Notes, fully equal to that which had been paid in, would not the mercantile world have been distressed by the operation, in proportion to the quantity of Bank Notes suppressed or extinguished?—Undoubtedly; I have already stated, that the repayment of the whole advances, without proportionable issues, was physically impossible; and for any part of the sum, the difficulty or impossibility would be in proportion.

Supposing then that the Bank had re-issued, in an equal proportion, what difference would it have made, in point of safety to the Bank (so far as that safety depends upon a supposed proportion between its Cash and its Notes in circulation) whether these Notes were out in the shape of a loan to Government, or in that of an accommodation to merchants?—There appears to me to be only one difference possible between these two modes of employing the Bank's funds; that difference consists in the probability, or certainty, of the repayment of the sums lent on mercantile discounts, or on Government securities; if the repayment of the one is more certain, and more near than the repayment of the other, it would seem to follow, as a necessary consequence of the principles of banking, that that mode of employing Money, which promises the greatest certainty and quickness of repayment, ought to be considered as the mode most proper for a banking establishment to adopt.

Do you not apprehend, that the call on the Bank for Guineas must, in fact, always depend on the state of the foreign Exchanges, and on the home demand, from whatever internal causes; and would the repayment by Government of the Bank advances, on supposition of proportionable issues, have affected either of these causes?—I think the call on the Bank depends much more upon the home demand, than upon the foreign Exchanges; but I do not conceive that, in either case, the repayment of the advances to Government would, in any degree, affect the demand for Specie.

Do you not conceive, that, if a considerable extinction of Bank Notes were to take place, the consequences must be, that our great manufacturers must, throughout the whole country, be compelled to turn off many of their workmen; and would not the value of our exports, and

and the credit we could afford to give to foreign countries, be diminished?—Unquestionably: not only all these consequences would inevitably follow; but the national industry would, in general, be so exceedingly cramped in its operations, that the very object, which can be imagined as a motive for such an extinction of Bank Notes, would infallibly be defeated.

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Would not this necessarily tend to turn the balance of trade and the Course of Exchange against this country, and of course tend to draw out the Cash from the coffers of the Bank?—It would at least have the effect of depriving the country of the proper exertion of the national industry, and thereby diminish the means of paying our balances to foreign countries; or, in other words, diminish our exports.

Would not the lessening of our exports tend of course to turn the Exchange against us, and tend thereby to draw out the gold from the kingdom, and of course from the Bank?—I think it would.

Is it not an established fact, that when commodities have risen greatly in price in any country, a greater quantity of circulating medium must be wanting for the common intercourse of commerce and society?—No doubt it must; the value of commodities to be circulated must always be, in some degree, in proportion to the means of circulation. If the value of the commodities to be circulated is increased, the power of the circulator ought to be increased in proportion.

Is it not notorious, that various commodities, and in particular Corn, Cattle, &c. were, during the course of last year, very greatly higher than for some time before?—Yes.

Is it not also notorious, that there was vast distress and numerous failures of Country Banks in the year 1793?—Yes.

Must not the circulating medium in the country consist of Bank of England Notes, Country Bank Notes, and Specie?—Yes.

You having said, "that a higher price of commodities requires a larger quantity of circulating medium;" and commodities having been much higher last year than for some years before, if, of the three articles of which the circulating medium is made up, the two first, Bank of England Notes and Country Bank Notes, are not increased, must not the greater quantity of circulating medium wanted be furnished by the third article, that is Specie?—Most assuredly.

Do you know, that in many places, some of them the most populous and opulent in the kingdom, Country Bank Notes have been greatly lessened, instead of being increased, since the failures in the year 1793?—I believe it to be the case.

Can you describe what appeared to you to have been the motives which influenced the Directors of the Bank, in that change of the manner of conducting their business of the discounts, to which you have referred?—I am persuaded, that the Directors of the Bank were not actuated by any improper motives. I believe, on the contrary, that they must have conceived it to be proper and prudent in them to make the changes which they then made: but I am not the less decidedly of opinion (and this opinion has remained invariably the same since the change took place) that, whatever reasons of prudence may have determined them, the consequences have been such as I have described.

Lunæ, 20^o die Martii, 1797.

Benjamin Winthrop, Esquire; called in, and further Examined.

YOU having imputed the drain of Cash upon the Bank, except so far as it arose from the late alarm of invasion, altogether to political causes, and such as appear to you to have no connection with trade, or any balance of trade; and also having stated, that you know of no other causes of embarrassment than those which you have assigned, having already alluded to whatever causes might tend to carry Money out of the kingdom, unconnected with trade or balance of trade; do you not know that unusually large quantities of Foreign Corn were purchased last year by this country, which must have considerably tended to turn the balance of trade and the Course of Exchange against us?—I do; and I think I alluded to many causes that tended to carry Money out of the country; amongst which I certainly meant to include Money to be paid for Foreign Corn; and I desire leave of the Committee to read, from a paper in my hand, the following statement, which I have prepared: And he read as follows:

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"As any difficulties the Bank might at any time labour under, could only be occasioned by the excess of its Notes above the amount of its Cash; so any measures which tended to increase its Notes, without bringing in Cash or Specie in exchange for such Notes, must undoubtedly, at such a time, add to its embarrassment. Of this nature, when the Cash of the Bank had considerably declined, from the effect of those causes which I have before alluded to as tending to carry Money out of the country, I considered the enlarging our advances to Government, and the increasing our discounts; and therefore, as an individual Director, I have, for the two last years, constantly recommended the diminishing both, so

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as at all events (short of an universal run) to secure the safety of the Bank. I thought the Bank ought never to be in danger; and as it appeared to me impossible for the Bank safely to fill up, by a profuse emission of its Notes, that void occasioned in the national currency or circulating medium of gold and silver, arising from the sanction of such large exports of Money, which seemed to me to have no connection with trade, or any balance of trade; so I was of opinion, that Parliament ought to see the effects of its own measures, and that it was impossible to have the benefit of such large sums of Money abroad and at home at the same time; or, in other words, as confined to the Imperial loan, that the Emperor should enjoy all the uses and functions of 4,600,000 *l.*, and yet that we, who agreed to lend the Money, should at the same moment not feel the want of it here, and fancy, that by any inexplicable manœuvres in the mode of remittance, we still actually retain that Money in this country, though we knew we had actually lent it, and received interest for it. If Government had paid off a very considerable part of its debt to the Bank, it would in all probability not only have given us safety, but we should have had it more in our power to assist the mercantile interest by extending our discounts; which being limited to Paper of two months, may at any time be increased or diminished, without that danger which must necessarily attend a great extension of the Government debt, the timely payment of which we know cannot always be depended upon."

I beg leave to add, that, in this answer, I am speaking my own private sentiments, without reference to those of other gentlemen in the direction.

Question repeated?—I have nothing to add to the answer I have already given; except that the importation of Corn has connection with the balance of trade.

Were there not other neutral cargoes besides those of Corn, the payments for which tended to draw Money out of the country?—Yes.

Were not Naval Stores, last year, at a price considerably higher than formerly; and must not this also have tended to turn the balance of trade and the Course of Exchange against us?—I have heard that the prices of Naval Stores were higher; but, as assisting the registrar, we have nothing to do with the prices here; a great part of the Naval Stores captured, I have been informed, were not fit for our purpose, nor delivered at His Majesty's yards, but sold by public sale; and the value of all being to be paid for to the neutral claimants, undoubtedly tended to increase the amount of the Money to be remitted from this country.

Is it not notorious, that the course of remittance was last year considerably affected, and rendered more circuitous by the incidents of the war, which would of course retard the arrival of returns to balance the exports which have gone from this country?—Not being in trade, I really cannot take upon myself to answer the question.

Do you know whether the exports of manufactures from this country were last year unusually great?—I cannot answer that question; I have heard so.

Must not the high price of all articles of produce, towards the beginning and middle of last year, have required a greater quantity than usual, of some sort of circulating medium, for common transactions of buying and selling, in all parts of the country?—The payments and receipts must undoubtedly have amounted to larger sums: but when the Specie or Cash of the kingdom had been diminished, I am not a sufficient judge of the matter to give, without much consideration, an answer to this question; or whether it were proper or improper to increase the representative of what I conceive to be the right circulating medium of the country, meaning gold and silver.

Were the Bank Notes, in the beginning and middle of last year, increased beyond their ordinary course?—I believe not. I believe the increase or diminution of Bank Notes bore generally a proportion to the increase or diminution of our Cash. When our Cash was higher, of course our Bank Notes were higher.

Taking for granted, that a material increase in the price of articles requires, *ceteris paribus*, a greater quantity of circulating medium for the intercourse of society and commerce, and the Bank not having, in the beginning of last year, a greater quantity of Bank Notes out than before; could this greater quantity of circulating medium required, be furnished otherwise than by Country Bank Notes, or by Specie?—Taking for granted that such increase was necessary, I know of no other mode of supply than Specie or Paper; but whether, in the absence of Specie, Paper, to the required amount, ought to be issued by the Bank, is a question that must depend upon every particular person's way of thinking; for my own part, I think not.

Would not the demand for Specie in the country, from whatever causes, tend to draw out Gold from the coffers of the Bank?—Unquestionably.

Supposing Government, at any time since the middle of last year, to have repaid the Bank advances; could it have done this any otherwise than by a loan from the Public?—I really fear not.

Supposing this loan to have been furnished by the mercantile world, and the repayment to have been made; must not that repayment have tended to diminish the circulating medium, unless the Bank had re-issued a quantity of Bank Notes, fully equal to that which should

should have been paid in?—This question strikes me, as supposing the circulating medium to consist only of Paper. If the Government had paid off the Bank the debt which Government owed in Bank Notes, and the Bank had not advanced to the lenders of this loan the Money to make good their payments, I conceive the Bank might have been perfectly safe.

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1797.

Do you conceive the quantity of Bank Notes, which had been in circulation for six or seven months before the 25th of February last, to have been greater than the convenience of trade required?—I think not; nor should I, at any time, have objected to the increase of Bank Notes for the purposes of commerce, to any indefinite amount, provided we have a sufficient supply of Cash to answer their payment.

Must not the diminution of the quantity of Bank Notes, below what the convenience of trade requires, tend to produce distress and failures in the commercial world?—It might be the occasion of great distress to many individuals, not to receive such assistance from the Bank in the way of discount, as might suit their occasions; and nothing but the impression I had received of the great importance of the safety of the Bank of England, which to me was paramount to all other considerations, could have induced me to refuse such accommodation, whenever wanted by those whom we reputed to be safe men.

Would not such distress and failures tend to produce a considerable disposition to get into possession, and to hoard up Specie?—However much I might lament such calamity to the commercial world, I do not think it would have that tendency. On the contrary, I am inclined to think, that the want of such accommodation to individuals wanting Money, would necessarily have obliged them to look abroad for their funds, and might have been the occasion of drawing Money into this country.

Has it not, for several months past, been possible to make from 12 to 16 per cent. of Money in the Metropolis?—I really do not know.

Supposing the temptation to British merchants, having Money due from abroad, to endeavour to get it home again, to have been very great; does not any fresh temptation being superadded, suppose that there must be, in those merchants, a strong disposition to get Money into their possession?—Any fresh temptation, added to a temptation already existing, must increase that temptation.

Supposing a disposition to get Specie into their possession to be strong in the mercantile world in the Metropolis; do you not think that the means of drawing it from the coffers of the Bank would be in their power?—I know not that there could exist any strong desire in a merchant to get Specie into his possession; when he wants Money, a Bank Note is equally serviceable to him.

Suppose that, from any cause, there should be considerable commercial distress; do you not think in point of fact, speaking from experience, that such distress would produce a disposition to get either Bank Notes or Gold into their possession; and if the Bank Notes should not be increased in proportion to this disposition, would not Gold be wanted to make up the difference?—When a merchant is in distress for Money, I understand it to be precisely the same thing to him, whether he be supplied with Bank Notes or with Guineas; the former answers his purpose equally well, and he does not want to hoard up the latter.

Was there not, in fact, a considerable drain on the Bank for Specie, for the week previous to the 25th of February?—There was.

Would the persons who came to the Bank for Specie have been equally well satisfied with Bank Notes?—No; for they brought their Bank Notes for the purpose of receiving Specie.

Supposing the disposition to be great, among commercial men, to get Specie, would not the means of drawing it out of the Bank be easily afforded to them, and would it be in the power of the Bank to secure itself against being drained of its Cash, by keeping its Notes even at a reduced proportion to its Specie, provided the Bank should re-issue Notes to the same amount as they should come in, and not give over the discounting business?—It would be easy for persons to get Specie who were in possession of Bank Notes. There could no danger arise to the Bank if they always kept a sufficient quantity of Specie to answer such Notes as might be brought in for payment. What that proportion is, must be the regulation of experience.

Besides persons who should bring in Bank Notes for payment, would not the means of getting Specie be also afforded, when Specie should be much wanted, to all persons who should have dividends to receive at the Bank?—Yes.

Was not the amount of the last quarter's dividends above three millions sterling?—I do not know exactly; but I believe thereabouts.

Would not the means of getting Specie be also afforded to all persons who, keeping private accounts with the Bank, should desire to receive back in Specie the balance due to them on those accounts?—They would be exactly on the same footing as the holders of Bank Notes, and might have demanded payment in Cash.

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Supposing

E. Whitthrop, Esq.

26 March,
1797.

Supposing the Bank to have reduced its quantity of Bank Notes in circulation to ever so low a quantity, yet, provided it should keep that reduced quantity floating to the same amount by re-issuing on discounts as the Notes should come in; would not this small floating quantity afford the means of gradually draining the Bank of Specie, supposing the disposition to get Specie to be great in general?—If the demand at any time for Specie were greater than the Bank could answer, the danger would be great indeed; but I think, in such a state as is described in the question, there could have existed no probability of danger.

Supposing the disposition to get Specie into possession to be great and general, would not any persons be enabled, by selling their Stocks or other property of any kind, to get Bank Notes into their possession, and by taking these Bank Notes to the Bank be enabled to furnish themselves with Specie?—Certainly; whether the disposition was great and general, or not.

Supposing the disposition above-mentioned to be great, and the means above-mentioned taken, would not this tend considerably to depress the Stocks?—If, in consequence of any disposition, there appeared a great number of sellers of Stock in proportion to buyers, the price of Stocks must necessarily fall.

Do, or do you not think, that a considerable reduction of the Bank Notes below their actual amount, during the six months preceding the 26th of February, would have tended to produce commercial distress?—If Government had paid off a considerable part of its debt in Bank Notes, I conceive the effect would be directly the contrary; because then we might have been enabled safely to have extended our discounts.

Does not that extension of discounts suppose a re-issue of Bank Notes?—Certainly, to the extent of the sum discounted.

Supposing then that after Government had paid in the whole, or any part of the Bank Advances, the Bank not re-issuing fresh Notes in proportion to those which had been paid in, the whole quantity in circulation should have been rendered smaller than it actually has been during the six months preceding the 26th of February; would this have tended, according to the proportion which should have been reduced, to produce commercial distress?—What the effect of such a payment of the Government debt, and at the same time the Bank refusing to increase their Discounts, might have been, I cannot say; but I can venture to say that such conduct would not have been that of the Court of Directors, who wished for nothing more than to give every accommodation to trade they safely could afford.

Do you ascribe the diminution of Bank Notes in circulation from June 1795 to the 25th of February 1797, solely to the diminution of Cash?—In a great measure I do.

Can you assign any other cause?—No; not directly.

Is it not to be ascribed to the diminution of discounts?—I apprehend not.

Do you know of whom the Agents for the Emperor in this country purchased the Bullion and Specie remitted abroad on account of the loan of 1795, or any part of it?—No.

When did you first recommend to the Court of Directors to lessen their Discounts?—My advice on that occasion has been founded on general principles. We are sworn to give our best advice and assistance in the management of the affairs of the Company; and it seemed natural to me, that the Advances of all kinds should be restrained as our means declined. I was considerably alarmed by the first mention of an Imperial loan, to the extent of six millions as was first mentioned; and upon that occasion I wished the Court to make the strongest representation to His Majesty's Ministers against that measure, as conceiving that the effects of it would deprive us of the means of rendering such assistance to the commercial world as I wished.

Did you then not recommend the measure of lessening the Discounts at any time previous to the year 1793?—I do not recollect that I did; nor that there was any occasion for it for a few years previous.

Has the diminution of the Discounts by the Bank, in fact, always or generally produced a diminution in the price of the public Securities?—I am inclined to think not; the Stocks are generally high when Money is very plentiful; when Money is very plentiful the Discounts are generally low, because they are not wanted.

Was the notice, given by the Bank towards the end of the year 1795, of an intention to contract its Discounts, and the line of conduct which it pursued in consequence, in any degree occasioned by the remittances which had been made to the Emperor, and by the state of the Advances made to Government by the Bank?—If that was the time of that regulation, which I do not recollect, it must have been occasioned by the diminution of the Cash; which I should attribute to such causes as appeared to me to have a tendency to carry Money out of the country.

Did not the amount of Government Advances also materially operate to induce the Bank to restrain its issues of Paper in the way of discounts?—They did, with me, to recommend such reduction from time to time.

Martis, 21^o die Martii, 1797.

Sir Richard Carr Glynn, a Member of the House; called in, and Examined.

ARE you engaged in a Banking-house in London?—I am.

Does your House correspond with Country Bankers?—It does.

What parts of the country does the connection of your House with Country Bankers extend to?—Scotland, Northumberland, the West of Yorkshire, Warwickshire, Cornwall, Dorsetshire and Kent.

What is the nature of the connection between the London Banker and the Country Banker, with whom your House correspond?—I consider myself as an Agent to the Country Banker in Money transactions.

Are the Bills of any of the Country Banks, with which you are connected, payable at your House?—They are; Bills are drawn upon our House. Notes are made payable at our House. I do not mean to apply this answer to all our country correspondents.

Which of your correspondents make their Notes payable at your House?—A few Notes of the Barnsley Bank are made payable at our House; the Notes of the Bank in Warwickshire are made payable at our House; the Notes of the Bank in Dorsetshire, and of the Bank in Kent, are made payable at our House; in Cornwall a very few, if any.

How far do the Country Banks, corresponding with your House, depend on your House for a supply of Cash?—They did, before the suspension of the payments at the Bank.

Was any extraordinary demand made upon you, from your country correspondents, for Cash, in the beginning of the present year?—There was, but not to a large amount.

Did it increase before the suspension of payments by the Bank in Cash?—The demand was in the month of January; and only from one quarter, viz. from the West of Scotland.

When did that demand begin?—The first remittance in Cash, I think, was on the 28th of December; and continued at various times to the 13th of January.

Was any demand for Cash from the Northumberland Bank?—There was, in one instance.

Were the demands from the West of Scotland, and the Northumberland Bank, to an amount considerably larger than usual?—Not considerably larger.

Was there any difficulty in supplying that demand?—Not before the suspension of payment of Cash by the Bank.

Was the supply of Cash obtained from the Bank, to answer the demands of the Banks before-mentioned?—We generally supplied them from our own balance, sending afterwards to the Bank, either the day or the day after, as we might see occasion, for a supply from the Bank.

Do the Bankers of London generally depend for a supply of Cash on the Bank?—I should apprehend lately they must have depended upon a supply of Cash from the Bank; with respect to ourselves, about two years ago we received more Cash than we paid away.

Did you send your surplus Cash to the Bank?—We did. We sent some Cash to the Bank on the 31st of January last.

Have you, for any time past, and how long, perceived a difference in the supply of Cash to your House from your general customers?—Our Cash has remained pretty much upon the par. We have usually received as much as we have paid, until the late suspension.

Have you then perceived any material difference previous to the late suspension by the Bank?—None of late.

Within the last three years have you perceived any difference?—None.

Have you any means of judging whether the quantity of country Bank Notes in circulation, is, within these last three years, increased or diminished?—I have no accurate means of ascertaining that.

Have the quantity of Bank Notes of the Banks corresponding with your own House, increased within the last three years, or diminished?—I have no means of answering that question.

Are you able to describe, from what circumstances the demand for Cash in Scotland was increased, in December and January last?—From the attempt of an invasion of Ireland by the French. I conceive, in the West of Scotland, it was more a matter of precaution, than in consequence of an actual run upon that Bank.

Sir R. Carr Glynn.

21 March,
1797.

*Sir R. Carr Glyn.*21 March,
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Can you describe to what circumstances it is probably owing that your House received more Cash two years ago than since that time?—Because we have customers who have more workmen and manufacturers to pay than before.

Was you in London in the month of September last?—I think I was, or about that time.

Was your attention about that time drawn to the state of public credit?—It certainly was.

Was there, at that time, a good deal of real or apprehended embarrassment in the commercial world?—There was embarrassment as far as this, that merchants and traders could not readily obtain discounts.

Was any effect produced hereby on the funds?—The public funds must in some degree be affected by a scarcity of the circulating medium.

In what way does the scarcity of the circulating medium produce that effect?—The want of Cash will oblige merchants and traders to sell out of the funds, or to obtain loans from persons having Money in the funds.

Do you apprehend that, for some months previous to the 25th of February, the circulating medium had been greater than the convenience of trade called for?—I think not greater.

Supposing then, that during any part of that period the quantity of circulating medium had been lessened, would not this diminution have tended to produce commercial difficulties, and to depress the funds?—The diminution of the circulating medium must tend to produce difficulties, and to depress the funds.

Is it, or is it not your opinion, that any considerable degree of commercial difficulty tends to produce a disposition to obtain or hoard up Specie?—I do not think the commercial difficulties did tend to the hoarding up Specie.

Does the prevalence of commercial difficulty tend to produce a general disposition to get Specie into possession?—I do not think that it did so, speaking of these times.

Do you mean, that any disposition to procure or hoard up Specie, which may have lately prevailed, was not produced by commercial difficulty, but by some other cause; or do you mean, generally speaking, that the prevalence of commercial difficulties, when they really exist, have not this tendency?—I conceive that the disposition to hoard Specie arose from another cause, speaking of these times.

But, supposing commercial difficulties should prevail, would they not produce a disposition in people to possess themselves of Specie, whether for hoarding, or for applying to the purposes for which they might want it, commercial or any other?—I think it would not produce that disposition, because commercial difficulties have before prevailed in this country, and I do not then recollect a disposition in people to possess themselves of and hoard Cash.

Has there lately existed any such disposition to obtain or hoard Cash?—There has.

By what causes do you conceive that disposition to have been produced?—From an apprehension of an invasion of the enemy. I would add, that I understood the demand of Cash upon the Newcastle Bank arose from orders which were given to take the stock of the farmers upon the coast, and the preparations which were made to drive that stock into the interior, if necessary, which caused a want of confidence in the people there.

Have you any reason to believe that the quantity of Cash remaining now in the country is considerably less than it has been in former times?—I believe it is less.

Can you describe any circumstances that appear to you likely to have produced that diminution?—It has not appeared to me in the London circulation; but I ground my opinion on the information I have received, that less Money has been coined of late than usual.

Rowland Burdon, Esquire, a Member of the House; called in, and Examined.

R. Burdon, Esq.

ARE you engaged in a Bank at Newcastle?—Yes.

How long have you been engaged in that Bank?—Since the year 1784.

Has the quantity of Notes of the Newcastle Banks in general, and of your Bank in particular, been increased or diminished since the year 1792?—I can speak with very little certainty as to the other Banks; the circulation of the Paper of my own Bank has been increased, but not in any great proportion. One of the Banks which then existed never opened again after the stoppage in the year 1793, and they threw the principal proportion of their business into our hands. The quantity of circulation of Notes varies considerably at different periods of the year.

Has any increase in the price of the necessaries of life, and commodities of various descriptions, taken place in Northumberland and Durham within the last three years?—In the proportion of other counties.

Has

Has there been any increase in the price of labour?—Yes.

Has that been considerable?—As coals are an article of prime necessity in the London market, the price of labour immediately rose upon the price of the necessities of life being augmented.

Did the price of labour rise generally as well as in the collieries?—Certainly.

Can you form a judgment in what proportion?—I cannot accurately state it.

Was there not a considerable demand for Cash on your Bank, and the other Newcastle Banks, about the end of the last or beginning of the present year?—In addition to the collieries and manufactories, which the Banks are in the habit of supplying with Cash for their payments, a considerable demand arose from the number of troops stationed in that part of the island; the Banks have therefore, during that period, had more demand for Cash than in the usual course of trade.

Did the demand for Cash increase in the beginning of the present year, so as to induce the Banks at Newcastle to stop payments in Cash?—The Banks at Newcastle stopt their issue of Cash by agreement on Monday the 20th of February. The preceding Saturday being the market day, the farmers, who at this period of the year have the principal part of their rents in their hands, actuated by the apprehension of an immediate invasion, hurried into Newcastle the produce of their farms, which they sold at very low prices, and immediately resorted to the different Banks to convert all the Notes which they had collected into Specie. This alarm not subsiding on the Monday; and the Banks conceiving it their duty to retain a sufficient proportion of Cash to continue their issues to the army, collieries, and manufactories, took the steps above-mentioned. Previous to this period they had felt a considerable drain, though the applications from the country for Cash had not been attended with apparent alarm. At this period, when the alarm took place, our Notes had been gradually reduced about one half, and are now still further reduced.

Were similar demands made upon the other Banks at Newcastle?—I presume so; for they all stopt by agreement.

Do you imagine that the amount of Notes of the other Banks at Newcastle in circulation, has been diminished in the same proportion, or nearly so?—That they have been considerably diminished I have no doubt, but the extent to which they have been reduced is unknown to me.

What do you apprehend to have been the cause of the diminution, previous to the run upon the Banks on Saturday the 18th of February?—The necessity of a contraction in the trade of almost every description of persons. The coal trade had previously been in an unfavourable situation; and much Money was locked up in corn, which had been imported to a great extent.

Do you apprehend there were any other causes for a contraction of adventures in trade?—People could not so easily obtain Money on discount, as when Trade was more prosperous.

Are the Newcastle Banks in the habit of having Specie occasionally sent down from London?—Yes.

Were any large sums of Specie sent to you, or to the other Banks at Newcastle, from London, during the two or three weeks previous to the 26th of February last?—No large sums of Money had been sent, but a moderate supply had been procured, probably from 20 to 30,000*l.* amongst us; and we were in the act then of procuring very considerable sums, if the Bank had continued open.

Do you imagine the sums actually procured, to have been greater than they usually were during the same course of time?—Certainly; I apprehend that all the Banks together do not ordinarily draw above 1,000*l.* in Cash a week, if so much; in general the circulation of the country is sufficient of itself.

Do you imagine the sums received from London, to have been greater than they were in the year 1793, in the same proportion of time, in consequence of the run?—They bear no proportion; the sums sent down in 1793 were much larger.

Was that circumstance owing to the inability to procure Cash in London, or was it owing to there not being so great a want of it in the country as in the year 1793?—It was owing to the impossibility of procuring Cash from the Bank of England after the 26th of February.

Have you any reason, from information or otherwise, to know whether the apprehension, which more immediately occasioned the drain on the Country Banks, still continues to exist in the counties of Northumberland and Durham?—I apprehend that the alarm has not altogether subsided, and that the country people are still desirous of procuring Specie; but from the manner in which the leading interests of the country have come forward, and from the circumstance of the rents of the country being paid about this time, the Banks which are now opened for ordinary business expect their Notes to pass currently.

R. Burdon, Esq.

21 March,
1797.

Has the average quantity of Specie in that district appeared since 1793 to be increased or diminished?—I presume it must have increased, since so large a proportion of troops have been stationed in that district.

Mercurii, 22^o die Martii, 1797.

John Harman, Esquire; called in, and Examined.

J. Harman, Esq.

22 March,
1797.

HAVE you means of knowing in what manner the subsidies granted by this country to the King of Prussia, have been remitted from this country?—As to the latter part I have; I speak of that in the year 1794, between May and December.

Do you know of any other remittances made on account of such subsidies, except those in the year 1794?—I do not know, nor do I recollect any.

In what manner were the subsidies remitted, which you speak of as having been remitted in the year 1794?—They were remitted partly in Silver Bullion from this country; partly by Bullion procured in Amsterdam; partly by drafts on Amsterdam; and partly also by drafts on our House at London, drawn by the Maritime Society at Berlin.

With respect to the Bullion Silver remitted from this country, what did that consist of?—New Mexico Dollars.

Do you recollect the amount of the Bullion Silver remitted from this country?—Yes; I believe it amounted to 723,958*l.* sterling in value.

Are you able to state where such Bullion Silver was purchased in this country?—Most of it at the Bank of England.

Can you state what was the quantity of Bullion, which you mentioned as having been procured in Amsterdam?—No; I can only state what sums were remitted to Mr. Hope, and what sums they drew upon us for.

Were these remittances and drafts made and drawn on account of the Bullion procured in Amsterdam?—Partly so, and partly for other remittances.

What was the amount of the remittances and drafts made and drawn on account of the Bullion procured in Amsterdam?—The fact is, when we had the offer of making the remittance for the Prussian subsidy, a good deal was submitted to our discretion, respecting the most advantageous modes of making those remittances; the Silver from hence was an obvious object; but there were other means; such as our remitting to Amsterdam, and directing Messrs. Hope and Co. to draw upon us, in order to furnish them a fund to buy Gold or Silver, or to remit, or to be drawn upon from Berlin. Remittances were also made by us to Hamburgh, and Bills drawn upon us from thence, for the like purposes. A large sum was also drawn upon our House by the Maritime Society at Berlin.

What was the amount of your remittances to Amsterdam on account of these subsidies?—About 89,200*l.*

In what manner were those remittances, amounting to 89,200*l.*, made?—By Bills taken on the Exchange of London.

What was the amount of the drafts which Hope and Co. drew, in order to furnish themselves with a fund to buy Gold and Silver on account of these subsidies?—Their drafts for those, and the other purposes mentioned, were about 123,974*l.*

What was the amount of the remittances made to Hamburgh on account of these subsidies?—34,868*l.*; but here I must add, that above 19,600*l.* of these remittances were returned to us.

What was the amount of the Bills drawn from Hamburgh on your House, for the purposes of these subsidies?—About 86,265*l.*

What was the amount of the drafts on the same House from the Maritime Society at Berlin?—I think I recollect exactly 80,000*l.*

Was the Bullion, which you have stated to have amounted to the sum of 723,958*l.* sterling in value, wholly exported out of this country in the shape of Bullion?—It went out all in Dollars.

Do you know whether any Coin of this country, or Specie or Bullion of any kind, other than the Dollars which you have before mentioned, were sent out of this country on account of the Prussian subsidies?—I know of none.

Can you state to the Committee your opinion of the causes which have produced the late drain of Specie on the Metropolis?—I should suppose that the late drains have been caused very much by the apprehensions of people respecting the safety of any other property, inducing them to collect Specie.

Can you form any opinion, whether this drain was greater on the present occasion than in the year 1793?—I should conjecture it to be greater.

Can

Can you form any opinion as to the causes which occasioned the apprehensions of people, to which you have alluded, with respect to their property?—The great decline of the Public Funds, and the general scarcity of Money, I should consider as causes.

J. Harman, Esq.

To what do you attribute the great decline of the Public Funds?—To the vast increase of their amount.

22 March,
1797.

Have you, in the course of your commercial transactions, had any Bills remitted to you on the Treasury?—Yes; many.

Have those Bills been paid punctually, according to the dates, when they became due?—Yes; without a single exception.

Have you presented any such Bills for acceptance, to the Treasury, within the last four months?—I recollect only one for 5,000*l.* about ten weeks ago.

Was that Bill accepted, payable at the date for which it was drawn, or was the date of payment extended to a longer period?—To the best of my recollection, it was at a certain number of days sight; was accepted punctually from the day on which it was left.

How long have you perceived the scarcity of Money, to which you alluded in a former answer?—For a very considerable time past; with fluctuations of degree.

To what cause do you principally attribute that scarcity?—To a decline of confidence; to the Bank having contracted their discounts; to the temptations of great interest, afforded by various public securities in the market; and probably other causes; which, unprepared for these inquiries, I may not recollect.

Do you recollect the period at which the Bank first began to contract its discounts?—I do not with accuracy; it might be about a twelvemonth past; but I do not exactly recollect.

Can you assign the causes which may, in your opinion, have influenced the Bank to adopt that measure?—Asked for an opinion, it is impossible to avoid some reflection upon the subject; but my answer will probably be very much conjectural; one cause, the most obvious, seems to be the actual state of their own affairs; another, which appears to me highly probable, is that Paper might be sent in to them to answer purposes, which the Directors might not think it right to encourage.

Have you, in the course of the last two years, had any knowledge of the state of the Advances made to Government by the Bank?—Not being a Director, I can have no particular knowledge, other than I collect from the public papers.

From the knowledge you have collected, by whatever means, what opinion did you form, as a commercial man, as to the effect of the amount of those Advances on the general monied interest of the kingdom?—The greater Advances that the Bank should make for Government, the less their power must be to administer to any other objects.

Do you conceive that the quantity of circulating medium has been, for some time past, greater than the convenience of trade required?—Certainly not.

Do you conceive that any considerable diminution of the circulating medium, below what the convenience of trade requires, has a tendency to produce commercial embarrassments and distress?—I should think clearly so.

Are you not of opinion, that loans and subsidies to Foreign Powers, and Money expended on the armies abroad, have also caused the scarcity of Specie in this country?—They cannot fail, I think, to contribute to it.

Is it your opinion, that any considerable degree of embarrassment and distress in the commercial world has, in general, a tendency to produce a disposition to get Specie into possession?—I should think so.

Have you any means of knowing whether the Specie lately drawn from the Metropolis has or has not been exported out of the country?—I have no means of knowing it.

Nor of forming an opinion upon it?—There must always be a danger of an abuse of strong temptations of gain.

What, in your opinion, is the nature of the circulating medium which may be safely made use of in this country in the place of Gold and Silver?—I should think Bank Notes.

For what reason do you think Bank Notes may be safely made use of?—Because I have perfect confidence in the solidity of the Bank; this is my opinion.

Are you then of opinion, that any representative of Gold and Silver cannot be safely made use of, in which there is not perfect solidity?—I should think it follows of course.

Godfrey Thornton, Esquire, a Director of the Bank; called in, and Examined.

Is it in your power to give the Committee any information respecting the increase or diminution of Gold imported into Portugal from South America, for some time past?—Not positively

G. Thornton, Esq.

G. Thornton, Esq. positively as to the quantity; in general, that the importation has diminished of late years, as I have been told.

22 March,
1797.

Do you recollect any Gold being sent to the Brazils, for the purchase of cotton in that country?—I have heard that such a transaction took place some years ago; but I cannot speak with certainty to it.

Can you give the Committee any information respecting the increase or diminution in the price of naval stores for some years past?—I think I am competent to do so, it being my branch of trade. The principal article, hemp, is at the present moment more than double the price I have known it within these few years; that of iron in the same proportion: masts are also considerably dearer.

Has the quantity imported of hemp, iron, and masts, been, for the last two or three years, greater or less than formerly?—Always considerably larger in time of war than in time of peace; particularly for the use of the Navy.

Has it been greater during the present war, or any part of it, than in former wars?—In quantity I believe not very considerably greater; but in value by far greater.

What is the usual length of credit in the trade for naval stores?—We generally pay for those stores before hand, we never receive them upon credit; within the last two years a million sterling has passed through our hands for naval stores imported.

Is the great value of these naval stores imported remitted abroad, in returns of commercial effects, or in Money and Specie?—Not in Money and Specie; in the general course of trade.

Are the articles which are returned in the general course of trade principally purchased in this country?—Partly the manufactures of this country, partly East India goods, and partly West India produce.

Does it follow, in your opinion, from what you have stated, that a merchant dealing in the same quantity of naval stores during the present war, as the same merchant dealt in during former wars, must employ, for the purposes of his trade, a much larger capital, and therefore furnish himself with much more ample means of circulating his property?—Certainly.

Are the articles of which returns are made to Russia, whether they consist of home manufactures, East India produce, or West India produce, increased in price proportionably to the increase of price upon naval stores?—I think they are advanced in value, but not in the same proportion.

When you say they are increased in value, do you mean goods exactly of the same quality, or that the quality and value of the articles have increased as well as their price?—I mean articles of the same quality.

To what articles in particular do you refer as being increased in price?—I mean all West India produce, and East India produce, as being dearer in time of war than in time of peace.

Can you inform the Committee, what is the usual credit given by the manufacturers or merchants of this country for the goods which they export into the Baltic?—The usual credit given in Russia on the sale of goods is usually twelve months.

Is the price of British manufactures exported to Russia increased?—I cannot positively speak to that; they vary.

Is the demand for them from Russia considerably increased?—I believe in general the value of the exports of British manufactures is increased; the particular articles vary from year to year according to the demand.

Is not the balance of trade with Russia considerably against this country?—Yes.

In what way is that balance ultimately paid to Russia?—It is paid by the commercial transactions which arise between us and other countries.

Is not the balance against England considerably increased by the war?—It is increased from the high price and quantity of naval stores imported.

Has the difficulty of procuring Bullion, generally speaking, been greater of late than in former years?—The procuring of Gold has been difficult, from the reasons already given; because the quantity has been short from whence it comes.

Were those difficulties increased by the purchase of Bullion abroad for the Prussian and other subsidies?—Not to my knowledge.

Can you describe what appear to you to have been the causes of the drain of Cash, which has lately taken place upon the Bank?—Unusual demands out of the country, and also from private persons; not before in the habit of calling for Specie in large sums.

To what causes do you attribute the unusual demand to which you have alluded?—The causes are unknown to me.

Have

Have you any reason to believe that the quantity of Specie now in the country is less than it has usually been?—It is matter of opinion, which I do not feel myself competent to give.

G. Thornton, Esq.

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1797.

Previous to the unusual demands above mentioned, had not the Cash in the coffers of the Bank suffered a very considerable reduction?—The Cash at the Bank has been in a state of reduction for some time past.

Can you assign the causes of such reduction?—Not altogether; large sums have been sent to Ireland within these few months past.

Previous to the sums being sent to Ireland, had not the Cash in the Bank suffered a very considerable reduction?—No, nothing considerable, to the best of my recollection.

Can you state, what particular circumstances in the situation of the Bank induced the Directors to come to the resolution of contracting their discounts at the end of the year 1795?—Because the application for discounts increased very much, and if complied with would call for a great increase of their Bank Paper.

Can you state, whether the quantity of Cash, or Cash and Bullion in the Bank at the time that resolution was made, was above or below what was considered as a fair average?—I cannot.

Can you state from what particular quarters the late extraordinary demand for Cash from the Bank was made?—Principally by Bankers; partly, as before stated, by persons not in the habit of calling for large sums.

Jovis, 23^o die Martii, 1797.

Samuel Hoare, Esquire; called in, and Examined.

ARE you engaged in any commercial business in the city of London?—Only as a Banker, in which situation I have been about twenty-two years.

S. Hoare, Esq.

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1797.

Are you a Bank Proprietor?—Yes.

As a Bank Proprietor, has your attention been called to the affairs of the Bank?—Yes, considerably.

Have you, for any time past, felt any apprehension for the security of their affairs?—I began to apprehend their situation was becoming rather precarious from the beginning of March 1796; and in consequence of that apprehension, I wrote a letter to the Governor and Deputy Governor and Directors of the Bank, on the 8th of March 1796.

Will you state to the Committee the ground for the apprehension which you began to entertain at that time?—The grounds of that apprehension are stated in that letter.

[Which letter was delivered in, and read as follows:]

“ Gentlemen,

“ Although the trust delegated by the Proprietors of Bank Stock is the most important and unlimited of any within my recollection, I have always been of the opinion, that it is necessary for the good government of the Bank, and conducive to the general interests of society; and have therefore uniformly resisted any application which has been made for the disclosure of the accounts.

“ I know of only two circumstances that can produce any change of sentiment upon this subject.

“ If any of the Directors should ever so far forget the obligations of duty which this confidence ought to inspire, as to avail themselves of the knowledge derived from their situation, to seek their own emolument to the prejudice of the Proprietors interest; or if they should admit any improper influence to preside in their counsels, that may induce them to grant such enormous loans to Government, as may endanger the general security: the first is so manifest a violation of every principle of equity and justice, that I trust I may flatter myself it will never be imputed to any individual in the Direction; or if an instance of gross delinquency should occur, that there will always be found sufficient virtue and integrity to dismiss such an unworthy member from the association. The second may be assimilated with views of patriotism and a generous zeal for the public good, which being laudable to a certain extent, is in more danger of being carried to an extreme.

“ When I consider that the amount of the debt delivered to the House of Commons, with the original sum advanced, constitutes nearly double the amount of your whole capital, and combine this with the liberal assistance given to the trading interest of the country (the increased value of Gold, which with other collateral circumstances, must have occasioned an important diminution in the Specie of the kingdom) I cannot divest myself of some anxiety upon the subject. My apprehensions are increased from an opinion I have formed, that the sums of Money raised for the services of the current

*S. Hoare, Esq.*23 March,
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" year, are some millions short of what will be required ; it is therefore impossible to calculate what further advance of Money may be demanded ; I know of no resource but in your coffers, or a new edition of Hamburgh Bills.

" It is under these impressions I have been considering the propriety of submitting to the consideration of the General Court, some resolution which shall ascertain the amount, beyond which the Directors should not extend the supply, without taking the opinion of the Proprietors at large : but I am so apprehensive, lest some injurious interpretation should be suggested, and that the subject may not be treated with that delicacy its importance requires, that it would afford me much greater satisfaction to believe that the Court of Directors so far concurred with me in opinion, as to render the restriction unnecessary.

" I can assure you, that these observations do not result from any discontent or hostility to your late resolution respecting discounts ; which I am confident is a wise measure, as I know that the paper circulation is by far too extensive, and that the great increase in the representative property has been extremely injurious, by enhancing the price of all commodities, and if not prudently checked, must entail many more serious evils upon this country."

" 8th March 1796."

Did you receive any answer to that letter ?—I received an intimation from the Governor, that the Committee of Treasury wished to have a conference with me, about two or three days afterwards.

Did such a conference take place ?—Yes.

Have you any objection to state what passed at this conference ?—No ; I have not, as far as my recollection will serve me. The general sentiment which was conveyed to me was, that the Court agreed with me in the sentiments contained in that letter ; that the Advance which I had stated, had arisen from particular and pressing exigencies ; that it was their determination, and they had already taken means to reduce it ; and that they expected, that by the month of July it would be reduced to about five millions.

Was it in consequence of the assurances which you received in this conference, that you desisted from moving, at the General Court of Bank Proprietors, the resolution mentioned in your letter ?—Yes.

Subsequent to this period, had you any knowledge of the state of the Bank Advances to Government ?—I had received information at times, in general terms, that the debt was reduced.

Have you since that time had any further communications on this subject with the Bank Directors ?—Not as a body.

In what manner did you consider the state of the credit of the Bank as likely to be affected by the high amount of the Advances made to Government by the Bank ?—I considered it in two points of view : one, that it might give an opinion to the Public, that the Court of Directors were under too much influence from the Executive Council ; in the other respect, that it would cramp them in their accommodations to the mercantile interest, and by that means immediately affect the revenue of the country.

Was there a meeting of the Bank Proprietors held to consider of the sum to be advanced by the Bank in the late loan for eighteen millions ?—There was : I was present.

Can you state what passed at that meeting ?—I cannot state the whole from memory ; but I can state my own observations upon it. I said, that I should not enter into the question, whether it was political in the Bank to make the advance of one million ; but that as a Proprietor I could not consent that the Bank should deviate from those principles which had hitherto guided their conduct in making any permanent advance beyond the amount of their capital. I said, that if this caution was necessary in former times, how much more necessary in the present, when injurious publications were issued from the press, tending to undermine the foundation of the credit of the House in which I then stood.

Did any thing at that time pass on the subject of the Bank Advances ?—Yes ; one Gentleman stated, he could not understand my observation, or what it could allude to. I then mentioned, that the Bank were in the habit of making Advances to Government on floating securities ; such as land, malt, &c. to a considerable amount.

Can you state the causes which, in your opinion, appear principally to have created the present distress of the Bank ?—I think it arises from a combination of causes : one important one is, the great increase of the national debt, by creating a species of property that may at any time be converted into Money ; increasing the number of the holders of that property, who are more susceptible of alarm, and in case of any disturbance, having an immediate recourse to realize it :

Another cause is, a considerable declension in the value of Government securities ; which operates on all bodies, more or less, according to their intimate connection with Government ;

ment; and that the Bank being so large in advance to Government, occasioned some abatement of confidence of the Public in the Court of Directors. Another reason, was the alarm of invasion, which operated on the Country Banks, and induced them to send up to the Bank for a considerable supply of Specie for fear that their Notes might not pass current in circulation. The excess in the number of these Banks has greatly tended to increase the Paper circulation throughout the country, taking Bank of England Paper for the medium of circulation, instead of Gold and Silver:

Another important circumstance has been the exportation of Money or Bullion, or Bills of Exchange drawn in lieu of it, for advances to Foreign Powers, and other Foreign expenses; as I consider the only proper means of bringing Gold and Silver into this country to arise from the surplus of our exports above our imports, and that ratio or proportion which is not imported in goods must be paid for in Bullion:

In the year 1796, the imports of this country appear to be 19,788,923 *l.* and the exports appear to be 30,454,583 *l.* which ought to have brought to this country Bullion to the amount of that difference:

Our expenses at Saint Domingo have been so great, that it has prevented the return of a considerable sum, which would otherwise have returned in Bullion:

Another circumstance which operated strongly with respect to the public Credit, was a want of punctuality in the discharge of the Bills of Exchange drawn from the West Indies when they became due, and accepted by the different Boards. This, with an intimation that the provisions for the services of the year would require ten millions more, created a very general alarm, and an apprehension that the Money could not be raised, and that of course some of the public creditors would soon be unpaid.

To what do you attribute the declension in the value of Government securities?—To the unfortunate circumstances of the war, one of them; the great increase in their quantity, and the enormous expenses of Government.

Would not a want of punctuality in the discharge of Government acceptances, materially affect the value of Government securities?—It had some operation upon them, and induced me to come to a resolution, that I would not discount any more of their acceptances.

Can you state any instances, which have come within your knowledge, of a want of punctuality, in the different Boards, in the discharge of their acceptances?—Not till within these few months: I have discounted Bills accepted for some thousands that remained unpaid for a week: the day before yesterday I had some acceptances from the Treasury unpaid.

Had any such instances occurred previous to the Order of Council?—In the Navy and Victualling Boards previous to the Order of Council; not in the Treasury: I carried them to the Governor of the Bank, in order he might make representations to Mr. Pitt, that the credit of the Government would be lost, if more punctuality was not observed in the payment of these Bills.

In the course of the 22 years in which you have been engaged in business, did you ever before know an instance in which a Navy or Victualling Bill had not been paid punctually at the date for which it was drawn?—I think I had one instance occurred during Lord North's administration, in the American war, for one or two days.

Were such instances in the American war frequent, or did they become the subject of general notoriety or complaint?—No; certainly not.

Have such instances of late been frequent, and have they been the subject of general notoriety and complaint?—Yes; they have.

Are you of opinion, that of late the Paper in circulation has borne too great a proportion to the amount of Gold and Silver?—Much too great a proportion.

Are you of opinion, that the general interests of commerce and public credit can be promoted by any circulating medium not founded on Gold and Silver, which bears too great a proportion to Gold and Silver?—I am of opinion, that it might be essentially promoted, provided such a Paper could be established without taking Gold and Silver for its medium, and could maintain its own credit; but I believe it is not possible to maintain the credit of such a Paper. I believe, from information which I have received, in the year 1693, a Land Bank was established, but the Paper almost immediately fell into disrepute, and was abolished.

Are you of opinion, that if the Advances from the Bank to Government were repaid, that the same number of Bank Notes might remain in circulation with less danger to the Bank, and with more advantage to the commerce of the country?—It depends so much on the conduct of the Court of Directors, that I cannot positively answer that question: but I should think, an important diminution of the debt due from Government to the Bank, would induce the Court of Directors to extend their discounts very importantly to the mercantile interests, and enable them sooner to retrieve their own credit.

Are you then of opinion, that an issue of Bank Notes, in the way of discounts to the merchants of London, would be less dangerous to the Bank, than it would be as an advance

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to Government?—This is a question of delicacy, as it affects public credit; but I am of opinion, that if the Bank had not made their Advances upon any securities, but what were convertible into Money within sixty days, which is the usual time of discount, they would not have been reduced to their present dilemma.

Do you apprehend, that the repayment of the Bank Advances, in whole or in part, would contribute to remove the present difficulty?—I think it would have some influence in removing it.

Are you of opinion, that Advances made to Foreign Powers by means of Bills of Exchange, are less burthensome to the country, than if the same had been remitted in Bullion or Specie?—In my opinion, it makes no difference at all: for instance, if you lend five millions to the Emperor, or any Foreign Power, it will prevent the return of so much Money, which the surplus of our manufactures would otherwise bring into this country.

If five millions are lent to the Emperor, or any other Foreign Power, and such loan is wholly made in Specie or Bullion; will not that mode of making the loan take out of the country more Bullion or Specie, than if the loan was made partly in Bullion and Specie, and partly in manufactures?—I believe eventually it will be exactly the same.

Will you explain to the Committee your reasons for such your belief?—I can only recapitulate what I have before said: that it is the balance of the exports above the imports that will preserve the Bullion in the country.

You having said, "that you began to apprehend the situation of the Bank was becoming precarious in March 1796;"—what causes existing in March 1796, and not existing before March 1796, induced you then to entertain that apprehension?—The causes are explained in my letter: the great increase in the Advances of the Bank to Government; the increase in the value of Gold, and an opinion I had formed, that the Specie of the country had importantly diminished from Money sent to the Emperor; and other causes. The price of Gold at that time had risen so much, as to make a Guinea worth, sometimes, as high as 22 s. and sometimes as high as 24 s. abroad. The cause of that rise I take to be, that our expenses and loans abroad had exceeded the amount of our surplus manufactures.

Do you know what was the comparative state of the amount of the Advances to Government, as they stood in the respective months of January and March 1796?—I know no other, than the amount as delivered in to the House of Commons.

Do you know any actual instance of remittance of Gold abroad, arising, as you apprehend, from the comparative value of a Guinea in this and in other countries, at any time in the course of the year 1796?—Not from my own knowledge; I have heard it reported in many instances.

Do you know the amount of the remittances actually made on account of the loans to the Emperor, in Bullion or Specie of any kind, at any time?—No, I do not.

At what time in particular, did you first observe a want of punctuality on the part of Government, in discharging the Bills of Exchange drawn from the West Indies?—I think it was about a fortnight before the Bank suspended their payments, that I had them unpaid.

When did you first discount any of these Bills?—Ever since I have been in business.

Up to what time did you continue to discount these Bills?—Till the time they were refused payment; till I could not procure punctual payment for them. They have all been paid since.

Can you mention the week, or day, in which you last discounted one of these Bills?—I cannot, without reference to my books; I discounted them in January last.

For how many years, according to your knowledge, has the Bank of England been in the habit of making floating Advances to Government, to a considerable amount, upon the credit of the land and malt?—I have always considered that the Bank were in the habits of advancing on the land and malt, as soon as the Bills had passed the House.

Are you of opinion, that the amount of Bank of England Paper in circulation, has greatly increased within the last ten years?—I should think it hardly could have much increased; because I always understood that they increased their Paper in proportion to their Bullion, if good investments offered for it; and I think their Bullion is now very much decreased; and their Paper was reduced till the suspension took place, when in my opinion it increased.

Are you of opinion, that the Paper issued by Country Banks has increased, or decreased within the last ten years, and more particularly within the last three years of those ten years?—I am of opinion, it has considerably increased within the last three years. In 1793 I think it was considerably reduced, and has increased since that time.

Are you of opinion, that the Bank of England Paper had not increased previous to the Order of Council, and that the Paper of Country Banks had greatly increased; how do you explain the following passage in the cause above, thirdly stated by you, when you represent: "that the excess of the number of these Country Banks has greatly tended to increase the Paper circulation throughout the country, taking Bank of England Paper for the

the medium of circulation, instead of Gold and Silver." How can the Bank of England Paper, which is not increased, be the medium of circulation, in respect of the country Paper which is increased?—The original practice of most of the Country Banks is to collect all the Gold in the respective counties, and send it up to London, from whence it is carried to the Bank of England. The Country Banks are in the habit of investing a considerable proportion of this in Government securities, relying, that they can always procure Bank Notes for them when wanted, and that these Bank Notes are at all times convertible into Specie.

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Is it now, or was it ever your understanding, or opinion, that the Bank of England kept cash equal, or nearly equal, to the amount of the sums secured by all the Bank Notes in circulation?—No; my opinion is, that they generally preserved a proportion, as three to five, that is, if they had three millions sterling, they might issue five millions Paper in times of security: this is only an opinion, as I have no knowledge on the subject.

Is it your opinion that they have, in fact, generally observed that proportion, or that they should, or ought to preserve that proportion?—My opinion is, that they had generally preserved that proportion till the commencement of the war.

Can you state to the Committee what is the amount of the Notes of the Bank of England, which are usually in the hands of the public Bankers, taken collectively from day to day?—I do not apprehend, till lately, that, independent of the Notes held in London, there was a million in circulation throughout the country.

What quantity of Bank Notes do you apprehend there are now in circulation in the country, exclusive of London?—I should think, since the suspension of the Bank, about two millions and an half.

Having stated "that the Country Bankers were in the practice of collecting Gold in the respective counties, and sending it up to London;" has it fallen within your observation, whether the remittances to London from the Country Bankers had, for any time previous to the Order in Council, been less frequent and less ample?—There had some alteration taken place; for instance, I sent to my friends not to send any Gold up some time before, as I apprehended the alarm of an invasion would render it necessary for them to keep more Specie in their hands to answer the Notes which might come in.

How long was it before the Order of Council, that you made that communication to your friends in the country?—I think it was about a fortnight or three weeks.

How long before the commencement of that fortnight was it, that you first observed that an actual alteration had taken place, as to the practice of Country Bankers in remitting their Gold to London?—I did not observe it before.

Had you actually observed, previous to the alarm of invasion, that there was any want of confidence in the security of the Bank, such as to create any unusual demand for Cash?—I forget whether the intimation of the Minister's wanting ten millions was not exactly at the same period that the alarm took place; but I remember perfectly well calling on some of Mr. Pitt's friends, to request their influence with him not to excite the alarm of invasion in the country, because it would preclude him from being able to raise more Money for the service of the year.

Attending to the circumstances respecting the subscription to the loan of eighteen millions in December 1796; are you of opinion, that if the ten millions had been proposed to be raised before the alarm took place, that a subscription, to the amount of ten millions beyond the eighteen millions, might have been easily procured in the country?—It could not have been procured without great difficulty.

Do you mean, by your answer to the last question, that the subscriptions could not have been procured without difficulty, or that the means for making good the subscriptions could not be procured without great difficulty?—I mean to reply to both; but I think if about 25 millions had at first been proposed, it might have been procured; but I must acknowledge that opinion proceeds from observations I made after the subscription had been made, and not before. Before, I thought the eighteen millions was a sum as large as could be procured voluntarily.

Are you of opinion, that if the subscription had been kept open for two days longer, that the subscription would not have increased?—I am of opinion it would have increased; but it would have been a violation of good faith to have extended it afterwards, as it would lessen the value to those who had already subscribed.

Is it consistent with your knowledge, that many Bankers in London have been in the habit of receiving supplies of Cash from retail traders?—Yes.

Do you happen to know whether, previous to the Order in Council, any alteration had taken place in the conduct of the retail traders, with regard to their paying Cash to their respective Bankers?—No; but I had been applied to by some timid people to know my opinion, whether they should not secure some Specie by them. I recommended them not to do it, as it would only increase the mischief; and at all events, there would be an association, if any calamity did befall them, to support the credit of the Bank.

*S. Hoare, Esq.*23 March,
1797.

Are you able to state, according to your recollection, how long it was previous to the Order in Council, that you first observed that such applications had been made to you?—I should think about a month or six years.

You stated, that there was a balance of trade in favour of this country to the amount of about ten millions in 1796, upon the face of the accounts; do you believe that balance to have been real?—Not near to the extent, as there are great misrepresentations with respect to the entries at the Custom-house; but I have no doubt a very considerable balance is in favour of this country.

Are you of opinion that the loan, subsidies, and payments made abroad, for the use of the Army in the year 1796, were sufficient to absorb the advantages of the real balance of that period?—More than the amount.

Do you apprehend there is any misrepresentation in respect to the quantities in the entries at the Custom-house?—Yes; considerable.

How do they arise?—I cannot say.

Do you know from what the values, which are stated in the accounts of imports and exports delivered to the House, are taken?—I am not competent to answer that question.

Was the price of Gold abroad, in the years 1795 and 1796, higher than in this country?—I cannot answer that question.

You have said, “that the price of Gold in the year 1796, had risen so much as to make a Guinea worth from 22 s. to 24 s. abroad;” how are you able to judge of that?—From information I received at that time from other people.

You have said, “that the cause of that price was owing to expenses and loans abroad, exceeding the balance which ought to have been returned for manufactures;” how could this raise the price of Gold abroad?—I did not say it raised the price abroad; only, it raised the price of Gold here.

How could a Guinea be worth 24s. abroad, if the price of Gold abroad had not been raised?—That is governed by exchanges, of which I am not a competent judge.

Is not the effect of the proceedings of the Country Banks, which you have stated, such as to make the Bank of England the spring of all Paper currency of the Country Banks?—It is not entirely so; but in a great degree.

Has the Paper currency of the Country Banks ever reached, since 1793, the quantity which was in circulation before that period?—I think it has exceeded it.

When the Bullion in the Bank of England had been reduced below its just proportion to Bank Notes in circulation, was it prudent to sell Bullion as a commodity?—I should rather think not; but it is a question of great delicacy, which I am not quite competent to answer.

To what places in particular do you allude, in stating that the Country Bank Paper is greater than it was previous to the commercial difficulties in 1793?—I do not allude to any place in particular; I speak from the great quantity which comes through my hands, and my observations of what others have had.

Does your former answer extend to Country Bank Notes payable only in the country, or to Country Bank Notes payable also in London?—Both descriptions are much increased.

Do you allude to any particular places, in stating the increase of Country Notes not payable in London?—I cannot accurately speak to those not payable in London.

Are you of opinion, that the refusal on the part of the Bank to sell Bullion would create more alarm than the disposal of it in the usual manner?—I cannot answer that question.

Having stated “that the dilemma to which the Bank had been reduced might have been avoided,” are you of opinion that, if the Advances to Government had not exceeded one year on land and malt, that the Bank would have been enabled to have answered all the extra demands for Specie from the Country Banks, and from other quarters; or that the alarm, which caused those extraordinary demands, would not have taken place?—I am of opinion, that if the Bank of England had not extended their discounts beyond proper bounds, in consequence of the public debt being reduced as above stated, they would have been perfectly secure.

Veneris, 24^o die Martii, 1797,

Henry Thornton, Esquire, a Member of the House, and a Banker of London; called in, and Examined.

IS your House connected with any Country Banks?—It is; with several.

H. Thornton, Esq.

Can you specify the places where those Banks are situated?—Edinburgh, Glasgow, Liverpool, Bristol, Exeter, Scarborough, Litchfield, Stamford, Tiverton, Totness, Carlisle, Stockton, Winchester, and a few others, which I do not at present recollect.

24 March,
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So far as you know, or have reason to believe, have the Notes of these Country Banks in circulation during six months preceding the 26th of February last, been more or fewer than previous to the commercial difficulties in 1793?—I should judge, from occasional conversation which I have had with Country Bankers who have come up to town, that they have been much fewer; but I have not at present correct information from any number of persons on this point. I also incline to think they have been fewer; because, on the occasion of the late alarm, the demand for Guineas from Country Bankers who issue Notes on demand, was much less than on the occasion of the alarm in 1793. I am further confirmed in this opinion, by the circumstance of our having ceased to be connected with some Country Banks which did business with us before the year 1793, on account of our being liable to sudden demands through the circulation of their Notes. Some of these Banks then left off their business.

Have you, or are you likely soon to have, the means of informing the Committee of the amount or proportion of the Notes issued by the respective Banks you have mentioned, previous to the year 1793, since the year 1793, and since the 26th of February last?—I yesterday wrote several letters, which I think will bring me information on that subject within three or four days.

Do you apprehend that, for some time previous to the 26th of February last, the quantity of circulating medium had been greater than the convenience of trade required?—I am clearly of opinion, that, in the Metropolis, it was much less.

Supposing, during any part of the year preceding the 26th of February, the quantity of circulating medium had been considerably diminished, is it, or is it not your opinion, that such considerable diminution would have been highly injurious to public credit?—I am clearly of opinion, that, if the circulating medium had been much further reduced, many failures would have been the consequence. I know the distresses of many Merchants, and also of some Bankers, to have been considerable; and have had conversations with some of them on the subject of substituting a new circulating medium, with a view of relieving the existing distress.

Supposing that, during any part of the six months preceding the 26th of February last, Government had wished to repay the whole, or a large proportion of the Bank Advances, could Government have done this any otherwise than by a loan from the Public?—I conceive it to be self-evident that they could not, except by a loan, or something in the nature of it.

From what source must that loan have been supplied, and in what shape must the Advances to repay which the loan was to be made, have been repaid to the Bank?—I conceive that the same description of parties who usually furnish loans to Government, would furnish the supposed loan, and in the same manner. The custom now is, for those who are the most opulent, and the most desirous of embarking in a loan, to associate for the purpose of bidding for it; if they succeed in obtaining it, they draw on their Bankers, on the first day of payment, for the amount of that payment; it is usual for the Bankers, a few days antecedent to the first instalment, to request of those friends who have the opportunity of discounting at the Bank, to send Bills there at that period to be discounted, in order to increase the Cash of the Bankers; and I take for granted, that the same means of preparing for the payment of the supposed loan would have been taken, as has been usual in other cases. If the Bank should have been unwilling to furnish discounts on the days antecedent to the first payment on the supposed loan, there would be of course a difficulty in effecting the payment; and the circulating medium which I have already spoken of as too little for the accommodation of the Public, would be rendered, in that case, considerably less. The payments on the loan have usually been made in Bank Notes: in the case of the last loan, however, Exchequer Bills, payable three months after they were issued, have been received in payment of the loan; and these Exchequer Bills, though bearing about $5\frac{1}{2}$ per cent. interest, bore, for a few days antecedent to the 26th of February, a discount of 3 to $3\frac{1}{2}$ per cent. which is equivalent, to about 18 per cent. per ann. interest for Money. I understand that Government ceased to issue these Exchequer Bills in consequence of the high discount. Government obtained, by means of these Exchequer Bills, an anticipation of the payments on the loan, for which, however, if they had continued to obtain the same anticipation, they must have paid of course 18 per cent; and I attribute this high interest to the extreme scarcity of the circulating medium at that time existing.

Supposing a large proportion of the Bank Advances to Government had been repaid during any part of the six months preceding the 26th of February last, must not that

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repayment have diminished the circulating medium, except so far as the Bank had re-issued Notes to the full amount of what should have been paid in?—Undoubtedly. I apprehend, moreover, that in order to prevent great commercial distress, it would have been necessary for the Bank to furnish some additional Paper circulation to the Public, antecedent to the first payment on the loan, by which they themselves were to be paid.

If such commercial distress had taken place, as it, in your opinion, probable that the Bank of England Notes, not taken out of circulation by the loan, or any measure in the nature of a loan, would have remained in circulation; or that, on the other hand, by reason of such commercial distress, they must also have been carried to the Bank to be changed for Cash?—I apprehend, that, if the distress had become great, and the alarm through the country had risen to any considerable height in consequence, a suspicion of the inscurities of any thing but Guineas would, in many minds, have taken place; and that those persons who were under great alarm, and were possessed of property which they could dispose of, would in many cases, sell that property, though, at a considerable loss, for Bank Notes, for the sake of exchanging those Bank Notes for Guineas; and that, in that manner, an increased run upon the Bank for Guineas might have taken place, in consequence of a distressing reduction of the circulating Paper of the Bank.

Assuming, that the Paper of the Bank is usually ten millions, if Bank of England Notes to the amount of five millions had, in the course of the last twelve months, been taken out of circulation in the payment of a loan, without any new circulating medium having, previously to such payment, been provided, or without immediate restoration to public circulation of an equal issue of Bank Notes or Specie, is it, or is it not, your opinion, that the commercial distress of the country must in all probability have been very great and general?—I cannot conceive that the mercantile world would suffer such a diminution to take place, without substituting a circulating medium of their own; and I happen to know, as I before hinted, that some projects of this sort were on foot, and had been in the minds of several Bankers, whom I understood to have agreed in the general principle, though not actually associated for this purpose. Assuming the circulation of Bank Notes to have been reduced to the extent supposed, and no other circulating medium to have been substituted, I apprehend, especially if the diminution was made suddenly, and was not distinctly known by the Public to have been made, that great, and probably almost universal failures must have been the consequence. In the case supposed, every Banker, on the average, would only have one half of his accustomed Bank Notes in his drawer, which would certainly, in some cases, prove insufficient for the current payments. It is clear also, that in the case supposed, those Bankers who had the most property, whether in Bills or Stock, or other articles convertible into Bank Notes, would eagerly convert them into Notes, at whatever loss, for the sake of securing themselves from the risk of stopping payment. And if some Bankers should thus provide themselves with more than half their usual Paper circulation, other Bankers must be left with less; in which case, nothing is more clear to me, than that the failure of some of those Bankers would have taken place. The failure of even an individual Banker, in such a state of things, would produce the failure of others. It would create a disposition in the customers of other Bankers to take their Bank Notes, for security sake, to their own houses, although possibly some might lodge them in the Bank; in which case, however, it is material to remark, that they would have the right of drawing on the Bank for Guineas just as much as if the Notes were kept at their own houses, and that the balances at the Bank are to be considered therefore very much in the same light with the Paper circulation. I have hitherto spoken only of that part of the Paper circulation of the Bank which is in the hands of Bankers, and which may amount, as I should imagine, to about four or five millions. In case the supposed reduction of Bank Notes should take place, I rather conceive that the Bankers would be obliged to bear more than their share in it, as the private individuals, who have Bank Notes in their possession, would, many of them, be full as earnest, and more able, to retain the same quantity of Notes as heretofore, the sum in the hand of each individual person being small.

In that state of commercial distress, which you represent, in your answer to the former question, to be probably consequent upon the state of facts, therein assumed, if an alarm of invasion had taken place, would it, in your opinion, have been probable, that as great or a greater run upon the Bank of England for Cash would have taken place, as was occasioned by the alarm of invasion, when such an assumed state of facts did not exist; and such a consequent commercial distress did not exist?—I think, that the state of facts which has been assumed, is such as might have produced of itself a very great run upon the Bank, in consequence of the commercial failures which would have followed, and of course that it would have exceedingly aggravated any run upon the Bank in consequence of the dread of invasion. These two causes of alarm existing together, would probably have operated with more than double the effect which each would have had separately.

Is it your opinion, that, in the assumed state of facts, the consequent distress could have been avoided by a subsequent restoration to public circulation, of a quantity of Bank Notes, or Specie, equal to the quantity which had been called into the Bank in consequence of the proposed loan; or would it not be necessary, in your opinion, in order to avoid that distress, that some new circulating medium should have been provided previously to the Bank Notes having been called in, in the manner supposed?—I apprehend, that if the distress, which has been supposed, had taken place, it would take a considerable time, and a large temporary emission of whatever Paper might be received with the greatest confidence, before the natural state of things could be restored.

Thomas Thompson, Esquire, a Banker and Merchant at Hull; called in, and Examined.

CAN you give the Committee any information, whether the amount of the Country Bank Notes in circulation during the six months preceding the 26th of February last, was greater or less than previous to the commercial difficulties in 1793?—I believe considerably less; but I speak principally of the circulation of Bankers Notes in the county of York, and in counties north of Yorkshire; as to the circulation in the East Riding of Yorkshire, I can speak with tolerable certainty. In the West Riding there are few Bankers Notes on demand in circulation; in the North Riding, the quantity in circulation I apprehend may exceed the quantity in circulation in the East Riding; but I am of opinion, that neither in the East nor in the North Riding, did the amount of the circulation of Bankers Notes on demand, within the period mentioned, amount to more than two-thirds of the sum in circulation preceding the commercial difficulties in the year 1793.

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Do you apprehend that, since the commercial difficulties in 1793, it has been usual for the Country Bankers, in the district of which you have spoken, to keep by them a larger proportion of Cash to their Notes in circulation, than before that period?—I believe it has.

Do you, or do you not, apprehend, from your knowledge and experience, both as a Banker, a Merchant, and a person connected in commercial transactions with manufacturers, that the most likely way to terminate the present difficulties of the Bank, would be, to adopt whatever means might be most effectual for diffusing general credit and confidence?—It appears to me, that it would be extremely desirable that as much Specie as now lies useless in the country should be returned to the Bank of England as soon as possible; and I believe, that if the Bankers in London and in the country could deposit their superfluous Specie in the Bank, with a certainty that they should have that Specie if their necessities should require them to call for it, that a large quantity of Specie would be deposited in the Bank. I am also of opinion, that in those parts of the country in which there are no manufactures, considerable sums of Money or Specie might be drawn into the Bank, by an order to the Receivers General of the Taxes, and to the Collectors of the Excise, to send in the Specie which they may receive in the ordinary course of their business. In the East and in the North Riding of Yorkshire, before the present crisis, I, as the Deputy Receiver of the Land Tax for those two Ridings, have generally received 20,000*l.* per quarter for the King's Taxes, above one-fourth of which was generally in Specie. I can scarcely form any judgment what proportion of Specie will now be received for the Taxes, but whatever that proportion may be, the House, in which I have the honour to be a partner, has already such a quantity of Specie that I could send 'up to town' without the least inconvenience, every Guinea that is received for the King's Taxes. The House, in which I am a partner at Hull, has likewise the receipts of the Customs; that receipt has been very large: but what proportion may be received in Specie in time to come, I cannot say; but whatever that proportion might be, I could send to London at any time, in Specie, upon receiving Bank Notes in return. The Collector of Excise at Hull likewise pays into our House a great part of the Money which he receives; but a small proportion of what is returned to Government has lately been brought in Specie; but I believe much more Specie might be brought, both by the Collector of the Customs, and the Collector of Excise, to their Bankers, if they were directed to pay the inferior Officers of the Customs and Excise in small Bank Notes rather than in Specie. It is so much the common interest, that the credit of the Bank of England should be supported in every possible way, that I believe very few of the Bankers, either in London or in the country, would call for one Guinea, which might be so deposited in the Bank, without an absolute necessity for doing so. I likewise think, that the demand for Specie upon the Country Bankers would not be so great as is generally apprehended, if the Bank of England should, at the end of three or four months, declare its ability to pay Specie. And the fear of an invasion, with which the country seemed to be agitated, having now in a great measure subsided; and the great inconveniences in consequence of the reduction of Paper currency having been generally felt, that every person engaged in commercial transactions, would make no greater demand for Specie on any Country Banker, than was absolutely necessary.

Would not the restoration of mutual confidence and credit in the commercial world, be likely to accelerate the period when the Bank might again make payments in Cash?—Yes; unquestionably.

When you state the amount of Country Bank Notes to have been diminished since 1793, do you speak of the Notes circulated by your own Bank, or generally?—I speak with certainty of the Notes circulated by the House in which I am concerned; and from general information concerning the circulation of Notes of other Bankers.

Have you any means of knowing the circulation of other Banks, except from report?—I have heard from some Bankers themselves, that the quantity of their Notes in circulation was less than formerly; and from the number of Bankers Notes which come into the hands of our House, I am pretty certain that the fact is in general true.

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You have stated, the proportion of Cash kept by Country Bankers to be greater since 1793; was that proportion greater in 1795 than in 1794?—I do not know that it was.

Do you mean, by stating the Bankers of the country to have superfluous Cash, that such has been the case ever since 1793, or only of late?—I wish to be understood to mean, that in consequence of the mode of payment at present adopted by Country Banks, that they have by them more Specie than they are likely to issue for some months to come; and that a considerable proportion of that Specie, under the present circumstances, might be lodged in the Bank of England, if the Bankers had any certainty, that in case of absolute necessity, it would be returned to them by the Bank. But I know Bankers who have more Specie by them at present than at any period between the year 1793, and the time when the Order of Council issued; and in the ordinary course of things, a great proportion of that Cash would have come into the Bank of England.

Has this greater proportion of Specie, of which you speak, since 1793, been in circulation from that time when you say the Paper was diminished?—It has not been in circulation at all.

Did you perceive any unusual demand for Cash at Hull shortly before the Order of Council?—I did.

Can you mention any period at which such unusual demand first appeared to be observable shortly before the Order of Council?—I think about a month preceding that period, when the farmers and others first began to talk of an invasion. In consequence of that rumour they got down Specie as fast as they could.

Did not the Country Banks before that time generally remit Specie to London?—That was certainly the fact with the House in which I am concerned.

What is the reason that a greater circulation of Bank Notes takes place in the North Riding of Yorkshire, which has no manufacture, than in the West Riding, which is a very manufacturing country?—In the West Riding of Yorkshire, as in every other part of the country where manufactures are established, the payments are made principally in very small sums; and in general nothing but Gold will satisfy the persons to whom those payments are made.

Lunæ, 27^o die Martii, 1797.

The Right Honourable the Chancellor of the Exchequer; called in,
and further Examined.

*Mr. Chancellor of
the Exchequer.*

27 March,
1797.

ARE you able to give any information to the Committee, beyond that which you have already given, with respect to the causes which produced the necessity for the restriction on payments by the Bank in Cash?—As well as I recollect, when I had the honour of attending the Committee before, I stated, in substance, that I considered the immediate cause of the necessity of the Order of Council to arise from a rapid, continued, and increasing demand for Specie on the Metropolis, from different parts of the country; which, if suffered to continue even for a short time longer, must, in the state of Cash as it then stood, produce the most alarming consequences. It does not occur to me, that any thing further could be stated, as the immediate cause for that necessity. If the question is meant to refer to all the more remote causes, that may be thought to have had a share in reducing the proportion between Cash and Notes to that at which it stood when this demand took place, I can presume to offer no positive opinion to the Committee, nor any information which I can deem conclusive. My own opinion, on a subject so complicated and extensive, is one which I entertain with great diffidence, though I have certainly considered the subject with all the attention in my power; I therefore do not know that I can offer any thing worthy the attention of the Committee: but if it is their wish that I should state such ideas as occurred to me, under this explanation, I can have no objection to do so; only adding, that any opinion I may now offer, must be liable to be altered by further information, discussion, or reflection.

Will you state to the committee the opinion you have so formed?—In endeavouring to look for the causes which reduced the proportion between Cash and Notes from that at which it had stood at periods antecedent to the demand in question, it seems to me natural to direct one's inquiry to two leading objects: what causes might be likely to produce, in general, a diminution in the whole quantity of Cash within the kingdom; or, what causes might be likely to require a different distribution of the quantity within the kingdom, supposing it to remain the same on the whole, so as to draw a larger proportion of it out of the Bank. It seems also natural to inquire, what causes were likely to alter the quantity of Bank Notes in circulation; what alteration, in point of fact, took place, in that respect, within the period when the change in the situation of the Bank arose; and how far enlarging or contracting the quantity of Bank Notes in circulation might have a tendency, under different circumstances, and supposing a given quantity of Cash to be in the Bank, to produce a drain of that Cash.

The

Mr. Chancellor of
the Exchequer.

27 March,
1797.

The first of those objects of inquiry, of itself, includes a very large field, and it is difficult to satisfy oneself that one has included, with accuracy, all the circumstances which ought to come under consideration in judging of it; but there are some points which obviously will be material in their operation. The first, which I imagine would strike every one, is, to inquire how far the balance of foreign commerce, within any period to which the inquiry applies, may have been likely to affect the balance of actual payments between this country and foreign countries. In order to ascertain this with accuracy, it would seem to me necessary to know what was the total value of the whole of our exports and imports; to know, also, what was the balance owing on the whole, on the one side or the other, at the commencement of the period; and what, upon an average of our transactions with different countries, was the comparative length of credit, allowing for the mode of remittance, at which the exports and imports respectively are paid for. There is no part of the detail of this inquiry which does not seem to be subject to great difficulty and uncertainty: neither the quantity nor the value of imports and exports, particularly of the latter, can be ascertained with accuracy, from any official documents or authentic information that I know of. The actual balance existing at the commencement of any period that might be assigned, is also impossible to be ascertained with precision; and the length of credit, and circumstances of remittance, are subject to great variation and uncertainty: but nevertheless I think it may be safely concluded, from the general state of trade for some time previous to the commencement of the present war, that the balance owing must at that time have been in favour of this country; and there seems every reason to believe, that, during the war, the whole of our trade has greatly increased in its amount, and the proportional increase of exports has been much greater than that of imports: unless, therefore, the difference of length of credit on the exports has, upon the whole, been so much greater than of that on the imports, as to counteract the effect of the comparative value of each, I should conceive, that the balance of actual payments, during the war, as far as it was affected by commercial causes, would naturally have been very considerably in favour of this country; and if no other circumstances had interfered, the quantity of Cash or Bullion brought into the country must be greatly more than that sent out of it. I have already stated, how impossible I conceive it to ascertain, with any precision, the total amount of this balance; but it is, perhaps, not impossible to approach nearer to it than can be done from the first view of the Custom-house accounts, which are the only official documents on the subject. It will be obvious, on looking at them, that many of the great articles, of commerce, and especially of exports, being valued at rates fixed long since, are stated much below their average actual value: some few, but a much smaller number, are rated above their value; to what degree can hardly be stated with accuracy, even by persons most conversant with each branch of trade; but, from every inquiry I have ever made upon this subject, and particularly from the information I have obtained from the Inspector General of Imports and Exports, who has given peculiar attention to this subject, I am convinced, that the whole amount of our commerce, both of imports and exports, is much larger than its nominal amount, according to the official accounts, and that the balance of the exports beyond the imports is larger in a still greater proportion. The next thing that occurred, in looking at those accounts, is, that, in stating the result, all the imports that are brought into this country are stated as if they were to be paid for, and are therefore set against the exports; whereas in fact a very large part of the imports never require to be paid for at all, and instead of tending to draw Money from hence, ought, as I conceive, to be considered as an annual accession to the capital and wealth of this country. I refer particularly to the imports from India, as far as they are purchased by the territorial revenues of that country, or by the private capitals of individuals, consisting of the property which they have acquired there; to the proportion of imports from the West Indies, which are in fact remittances from the income of individuals residing here; and to the profits arising from fisheries carried on in different parts of the world by subjects of this country ordinarily residing here. Considering, therefore, upon the whole, the tendency of our commerce during this period to have been, to bring Money or Bullion into the country, the next object would be to ascertain whether there were any other, and what causes, independent of the state of commerce, which had the same, or an opposite tendency: there does not occur to me at present any material one, which would have the same tendency, unless it should be thought that during that period, from the state of other parts of Europe, any considerable portion of the property of foreigners should have been transferred and invested here; but on this point I know no way of forming an estimate that can be at all relied on. In looking to causes of an opposite tendency, it seems to me to deserve consideration, whether the state of different parts of Europe, particularly of France, and the quantity of Money which at least during a great part of the period, has been withdrawn from circulation, must not of itself have had an effect which must operate more or less on the circulation of all the countries in Europe. But the most obvious and striking cause appears to me to be, the great amount of sums expended abroad, either on account of subsidies or loans to Foreign Powers, or on account of naval or military services, in different parts of the world, defrayed by this country. The total amount, under most of these heads, may, I conceive, be nearly ascertained, though not with perfect accuracy. If any property, which was previously vested in this country, should be supposed to be withdrawn from hence to foreign countries, it would constitute another cause, tending, as far as it went, towards carrying Money or Bullion out of the country. These are the principal points, as far as my recollection serves me, to which I should endeavour to direct my inquiry, in order to ascertain the causes which have had a tendency to counteract the effects of the favourable balance of trade. But there may be many

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causes which have operated on both sides, which have not presented themselves to my mind. The Committee will see from what I have already submitted to them, that I do not see any possibility of drawing an accurate result from the comparisons of these causes; according as the effect of those, operating on the one side or the other, has upon the whole been the greatest, I conceive that there must have been, in the one case, an increase, and in the other a diminution of the quantity of Coin or Bullion within the country, or, as far as this has not actually taken place, there must have been a corresponding alteration in the state of debts and credits between this country and other countries. For the reasons I have given, I should be very cautious in hazarding a conjecture on which side the causes have preponderated. But in confirmation of any conclusion which might be formed from the great extent of our trade, and its favourable balance, it may be material to observe, that the general rate of Exchange with other countries has, if I have been rightly informed, been, upon the whole, favourable to this country, during a much larger proportion of the period in question, than it has been otherwise; and though this leads to no certain conclusion, as to the total amount of the balance of actual payment during any part of the period, it seems to show that there has been a greater part of the period during which there must have been some favourable balance, than that during which it may be supposed unfavourable; and to this extent, though without at all ascertaining the precise amount, this criterion of Exchange appears to me a more certain way of judging on which side the balance of payment has lain, than any result which can be drawn from the other extensive and complicated considerations to which I have referred. In speaking of the Exchange, I principally allude to Hamburg.

Do you know that any Money has been sent to Hamburg, for the purpose of keeping up the Exchange with this country?—I think I have a recollection of being once informed by the Bank, that they had sent a small sum for that purpose; but I really cannot state it with any positiveness. Whether any individuals have ever done so, I do not know: none has been sent by Government for that purpose.

Has it escaped your recollection, that the scarcity of Corn might contribute to a diminution of the quantity of Cash within the kingdom?—The sums paid for an unusual quantity of Corn imported into the kingdom during this period, have certainly had a very considerable tendency to render the balance of commerce less favourable than it otherwise would have been, and consequently to affect ultimately the balance of actual payments between this country and other countries; but as, notwithstanding this effect, I conceived the balance of commerce to be upon the whole favourable, after allowing for the operation of all the circumstances affecting it, I did not conceive it necessary to enumerate this separately any more than any other article of import from abroad paid for by this country; for the same reason, I did not enumerate the increased demand for naval stores, and various other articles paid for by this country, occasioned by the war, because the operation of all such causes is allowed for in the general balance of commerce, as far as it is capable of being estimated.

Will you state what are the causes which you conceive might be likely to require a different distribution of the quantity of Cash within the kingdom, supposing it to remain the same on the whole, so as to draw a larger proportion of it out of the Bank; which you stated to be the second leading object of inquiry?—On this head, I am afraid that any thing I can state is still more vague and conjectural than on the former: but I should suppose, that in the first place, supposing the general state of commerce, manufacture, agriculture, and employment of income and capital, in different parts of the country, to remain the same as it was at any former given period, that if any of the means which supply the internal circulation, adequate to all those purposes, should be materially checked, they must naturally produce demands from the country on the metropolis; which must, I conceive, either be supplied in such Paper as has currency in the country, or in Cash. It might therefore, I conceive, be material, supposing the state of different parts of the country, in the respects which I have enumerated, to have remained the same during the period in question, to inquire, whether any of the former means of circulation, in different parts of the country, have been so checked; in particular, it may perhaps be thought that the quantity of Country Bank Notes which were in circulation in the year 1793, and which were then very greatly reduced, may never have risen again to their former amount: if this should be the case, and the circulation has not been supplied by other Paper having currency, it would, I conceive, have a tendency to call for more Cash from the Metropolis, to be distributed so as to supply the necessities of different parts of the country. On this point I do not pretend to offer any opinion as to the fact, but I merely state it as an object of consideration. In the next place, even supposing all the former means of circulation to have remained the same as at any former given period, I should think it material to inquire, whether the amount of capital or income, employed and expended in different parts of the country, has increased during the period in question; because I cannot conceive any employment of capital or income, which, in proportion to its extent, must not require means of circulation; and therefore, if the scale of any transactions, which cannot be conveniently carried on without Paper or Money, as a means of Exchange, is at any time increased in any part of the country, I should conceive that it will create a necessity there, for an increased circulation, either of Paper or Money. On this point, there seem no means of forming an accurate comparative estimate of the state of different parts of the country at different periods: but I have already stated how greatly our commerce with other countries appears to

to me to have increased during the last four years. The effect of this increased commerce must be diffused, in different proportions, over different parts of the country, and must require an employment of a larger proportion of active capital or income. The internal commerce of the country, and manufactures for our home consumption, as far as I can judge from general information, have also, on the whole, increased during the same period in a great and rapid proportion, and must, I conceive, have produced a similar effect, and possibly in a much larger extent. Any increase of agriculture, extension of navigations, or any other species of internal improvement, appears to me necessarily to have the same tendency. It may also be worth considering, whether any circumstances which affect, generally, the comparative amount, at different periods, of the expenditure of persons of any given class of life, may not also materially affect this question. If that should be the case, any extraordinary increase in the price of provisions, or of any of the necessaries of life, and particularly of those articles which are most likely to be supplied in retail, and paid for in ready Money, in a greater proportion than larger payments, may require an increase, generally, in the means of circulation, and perhaps particularly of Cash. The effect of so great a number of persons being employed, during a war, in the Army and Navy, possibly at a greater expense than might be necessary for their maintenance in their accustomed situations of life, may also be considered as likely to produce a similar effect. The increased expense attending commercial transactions during war, from insurance, high price of freight, occasional demurrage, and other charges, independent of any increase in its total amount, may also be considered as a source of extraordinary expenditure, and, like every other article of expenditure, must, I conceive, require some addition to the means of circulation in proportion to its extent. If I am at all right in this line of reasoning, there may be many other details into which the subject might be pursued. (The general notion, which I wish to state for consideration, is, whether every increase in the employment of active capital or income, of whatever nature, and of all transactions which require a proportion of Money or Paper currency for carrying them on, must not, on the whole, require a proportional increase of the Money, or the current Paper, distributed through different parts of the kingdom. Should this be the case; should the scale of such transactions, in different ways, be greatly increased; should the accustomed circulation of Paper in the country not have been increased in proportion, and much more, if there should be any reason to think that it has been diminished, and if its place has not been supplied by an additional quantity of Bank Notes, or other current Paper; it seems to me that these circumstances must have a natural tendency to require a larger part of the whole quantity of Cash that is in the country to be distributed for active circulation in different parts of it, and consequently can allow less to be concentrated any where, and particularly to remain in store in the Bank. I state this idea merely as conjectural; but have endeavoured to explain the grounds on which it appears to me to be matter for consideration.

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Martis, 28^o die Martii, 1797.

Thomas Irving, Esquire; called in, and Examined.

WHAT is the nature and duty of your office?—The title of the office is, Inspector General of the Imports and Exports of Great Britain and the British Colonies. Accounts of the quantities, and in some instances of the value of all goods imported into and exported from the several ports of the British dominions, are transmitted to me. These accounts are arranged under respective heads of the different countries, and the total quantities made up; upon which totals the values are cast.

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By whom are the values set upon the goods?—In 1696 or 1697, a general estimate was made of all the goods imported into and exported from Great Britain; and consonant to that estimate or rate, the goods are valued at the present time, with some trifling exceptions.

Do the estimates made in this manner correspond with the values in the present time?—In general I think not.

What are the principal articles in which you apprehend the estimate made in 1696 or 1697 to be erroneous or defective, as applied to the present time?—I beg to be indulged with a reference to notes, which I have made for the purpose of aiding my memory. I have not looked minutely on the present occasion into that subject, but I shall endeavour to state a few.

Wrought brass is estimated, in the Inspector General's Ledgers, at 4*l.* 10*s.* per cwt. From the best information I can obtain, I believe, on an average, it may be valued at 7*l.* and upwards. But I beg leave here to state, that I cannot hold myself responsible for the true value of current prices, because they are founded on information from others, and because I have not had time to make such inquiries respecting those prices as I should otherwise have done.

Chariots are estimated at 20*l.* each, and coaches at 25*l.* I believe those estimates to be greatly under the real value.

Lead is estimated at 10*l.* 10*s.* per ton: I understand the current price to be about 20*l.*

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Wrought copper, which comprehends a variety of articles for culinary and other purposes, is estimated at 5*l.* 6*s.* per cwt.; whereas I believe the general average may be stated at about 8*l.* 10*s.* per cwt.

All the different species of grain appear to me to be greatly under-rated. I form not my comparison by the high prices of late, but upon the general average prices for a number of years past.

The cotton manufactures, which constitute a great branch of the export trade of this country, appear to me in general to be undervalued; but they consist of a variety of articles, and I am not prepared to speak to each.

Glass and earthen ware, which comprehend the fine pottery ware of Staffordshire, are estimated at 5*s.* per 100 pieces. In an article so variable in its quality, I cannot speak with accuracy; but I believe it would not be over-rated at 15*s.* per 100 pieces.

Green glass is valued at 10*s.* per cwt. and white flint at 20*s.* I cannot speak as to the real value; but I believe these articles are considerably under-rated.

Gunpowder is rated at 7½*d.* per pound; which I am inclined to think is under the current value.

At the time the values were fixed to the various articles of linens, which constitute a great object of export from this country, the quality in general I believe was much inferior to the quality of those linens which are now exported; and the relative value of the linens of the same quality was, I am led to believe, much lower in 1697 than at present.

Refined sugar constitutes a very considerable article of export, and from its having passed through a stage of manufacture, is considered as falling under the head of British manufactures. It is valued, agreeable to the ancient rate, at 55*s.* per cwt. I believe for some years past, after deducting the bounty or drawback given on exportation, it may be valued from 75 to 80*s.* per cwt.

A considerable difficulty occurs in forming a relative value between the prices established in 1696 and those of the present time, on the woollen manufactures exported from this country, because the quality is so variable. As far as my information enables me to form an opinion, I am led to think, that the quality of the woollen manufactures, towards the close of the last century, was very inferior to that of the present times; that in general they consisted of cloths from 5*s.* to 10*s.* a yard, whereas a very considerable proportion in value of the woollens exported at present consist of superfine and second cloths. But in forming the estimates in the Inspector General's Ledger, the same names, and the same estimates of value of each article, are preserved to the present day. I have at different times been at considerable pains to form an opinion, from the best information I could obtain, as to the true value of woollen goods exported; but considerable difficulties have occurred on that subject, and therefore I can only speak from a general opinion, which is, that the woollen goods exported from Great Britain at present, are estimated considerably under their real value.

At the time the estimates were formed of the iron manufactures, the fine steel and iron manufactures of Birmingham and Sheffield were little known. The estimate in the Inspector General's Books upon the manufactures of iron and steel exported is 54*s.* per cwt. which is supposed to include every article, from the finest polished steel down to the ploughshare and other implements of husbandry. I am inclined to think that this estimate is beyond the real value in some of the coarser articles even at present; but the export of the coarse iron manufactures, I have reason to think, bear but a small proportion in value to the finer goods.

I might enumerate a number of other articles, which appear to me under-rated in the Inspector General's Ledgers; but I forbear pressing further on the time of the Committee.

In the export of foreign merchandize, there are a variety of articles under-rated; and in some instances, particularly an article of coffee, the estimate appears to me to be greatly above its real value.

Indigo of the French and Spanish colonies (by the French colonies are to be understood those islands lately belonging to the French, which we are now in possession of) is estimated at 3*s.* 3*d.* per pound: I believe the current price to be from 5*s.* to 6*s.* per pound; this does not include the indigo from North America.

I might also enumerate pot and pearl ash, raw sugars, oils of different kinds, manufactured tobacco, and various other articles, which I conceive to be undervalued; but I am not prepared to speak correctly on the subject.

Coffee is estimated in the Ledgers of the Inspector General at 14*l.* 10*s.* per cwt. I believe the present value of coffee exported cannot be stated higher than from 5*l.* to 5*l.* 10*s.* or 6*l.*

In the import branch there are many articles which are greatly under-rated. For example: indigo from the continent of America, and also from the British plantations, is valued at 1*s.* 3*d.* per pound; foreign indigo at 2*s.* 9*d.* per pound; sugar, which constitutes a great article both of imports and exports, is estimated at 1*l.* 7*s.* 6*d.* per cwt.; and cotton wool at 7½*d.* per pound.

Coffee

Coffee is too high rated in the imports, in my opinion, being estimated at 7 *l.* per cwt. There may be other articles also too highly rated, which I am not prepared to speak to.

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When you speak of the present values of exported goods, do you mean the prices for which they would sell in this country, or in the country to which they are exported?—In general I speak of the prices as they lay in the warehouses here; but that is not a universal rule. The true method of estimating the value of goods exported would be, to attach the freights to the value of the goods exported in British bottoms, and to consider the value of the goods exported in foreign bottoms agreeably to the prices here on exportation.

Is the account you have delivered in, of the total value of the imports and exports in the last twenty years, formed upon the estimates in the Inspector General's Ledgers, or on what you conceive to be the true value?—The account which I have now delivered in, is formed agreeably to the estimates in the Inspector General's Ledgers; in my official account I have no right to change those estimates.

How far do those estimates correspond, in your opinion, with the real values?—I have already answered that question, by stating, that a variety of articles are, in my opinion, under-rated in the Inspector General's Ledgers; and that in some instances, particularly in the article of coffee, they are over-rated.

Do you think, upon the whole, that the real values of the imports and exports respectively, are greater or less, relatively, than those which are expressed in the account given in?—I am of opinion that the amount, in the several years of the account now delivered in, is greatly short of the real value, both in imports and exports.

Do you think that the proportions, in which the exports appear by this account to exceed the imports, are greater than the excess?—I am not prepared to answer that question: if it is meant to apply to the general balance of trade, I think the excess of import over the export, or *vice versa*, the export over the import, would be a matter of little moment; for, if the subject was taken up in that view, we should, I apprehend, be greatly deceived in striking the national balance.

Will you state, why you conceive the balances of exports and imports do not form the true grounds for judging of the balance of trade; and particularly, does it arise from any circumstances attending any particular branches of trade?—The answer to this question is involved in a variety of considerations, and must be taken up under distinct heads: because, I apprehend, its general tendency leads to determine the balance of the trade of this country.

The fishery is the first article I beg leave to explain myself upon: The produce of the Greenland and Southern Whale fishery, which are carried on entirely in British shipping, and by British capital, are stated in the Books of the Inspector General as an import into this country, and consequently as a balance against us. We might, I apprehend, with as much propriety, consider the herrings caught in the British seas, and the pilchards taken on the southern coasts of this island, as forming an unfavourable balance as the produce of those fisheries; the only difference, in my mind, between the one and the other, consisting in the distance of the passage to and from the fishing ground, and in the manner of fitting out.

The Newfoundland fishery is also chiefly carried on by the merchants in the western part of this kingdom. The produce consists of two great articles; whale liver and seal oil, and in dried or cured fish. About 3,200 tons of oil, the produce of that fishery, including the Gulph of St. Lawrence, is imported into Great Britain, *communibus annis*. A certain proportion of the dried fish is made use of in the West India Islands; but the principal export of that article is to the different countries in the south of Europe.

In the last five or six years, about 540,000 quintals, in which I include the fishery in the island of Saint John and Cape Breton, and on the coast of Labrador, were exported to Spain, Portugal, Italy, and the Levant; and, including the freight, from the best information I have been able to obtain, they may be valued at 450,000 *l.* This sum I consider as a circuitous export from Great Britain, because it is the produce of national industry, and chiefly of national capital.

The East India trade also falls under special circumstances. Upon this branch I am able to speak with more accuracy than on any other, as to the real value of import and export; because the East India Company officially transmit to me, half yearly, the amount of their sales, distinguishing the respective articles; and because the principal East India articles in general are entitled to a drawback outwards of the *ad valorem* duty; by which means I can ascertain the prices of those articles; and in the exports from hence to India, I have adopted the Company's invoice prices. It would lead to immense statements in figures, and to many intricate considerations, to explain to the Committee the facts and reasons upon which I found the following opinion: I shall therefore only observe, that in the estimates upon which the general result is formed, I have not confined myself to the direct trade carried on by the Company, but have included not only the private trade, but also the proceeds of the territorial revenues invested in merchandize imported by the Company. I am of opinion that Great Britain derives an actual profit from the East India trade, including the other particulars just now mentioned, of about 2,300,000 *l.* per annum. And it is a circumstance which I think necessary to observe to the Committee, that the export of East

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India commodities, to the different countries with which we carry on trade, has amounted in value to about that sum, in the four years preceding the 5th of January 1796.

From what funds are the investments of the Company in India drawn?—Perhaps this question might be better answered by the Officers of the Company; but I will submit such information as I possess on the subject. The investments are drawn, I believe, from three distinct sources: First, from the proceeds of the exports by the Company from hence: Secondly, From the proceeds of part of the territorial revenues in India, invested there in merchandize: Thirdly, From sums of Money, the fortunes of private individuals, and the profits of their trade, remitted to this country, which are paid into the Company's Exchequer, and remitted by the Company in merchandize from India.

Can you state the amount of the Company's investments, arising from their territorial revenues, or the fortunes of private individuals, so remitted to England?—I cannot, because the remittances are made by the Company in merchandize; and even such articles as are exported from India to this country by individuals, pursuant to a late Act of Parliament, are all sold by the Company; and I have no means of distinguishing between the one and the other; the return from the Company, made to me as Inspector General, being the total amount of the sales.

Can you state how far these circumstances affect the general balance of the East India trade, so far as it is favourable or unfavourable to this country?—I have already said, that, taking these and other circumstances into consideration, the favourable balance of our trade and intercourse with the East Indies appears to me to amount to upwards of 2,300,000*l.*

Do you include the China trade in the account you have now given of the favourable balance?—I do.

Have not Dollars, to a large amount, been exported from England, both to Bengal and China, of late years?—I cannot speak, with perfect accuracy, as to the amount of the sum exported, of late, in Dollars and Bullion; but I believe, upon an average of the three years preceding 1796, it did not exceed 45,190*l.* 15*s.* per annum. The variety of circumstances and considerations attached to our trade with the West Indies, render it extremely difficult to form an accurate estimate of the national balance arising therefrom: the value of the direct exports from hence in the four years preceding January 1796, agreeably to the best estimate I can form (for I speak not now from the rates in the Inspector General's Register) has amounted annually to about 3,900,000*l.* But besides the direct exports, we send merchandize to the coast of Africa, to a considerable amount, for the purpose of purchasing slaves. If the merchandize sent to Africa, for the express purpose of purchasing slaves, could be distinguished from the exports to that part of the world, for other purposes, and if the slaves purchased in Africa were all sent directly to the British West Indies, and retained there, I should then probably consider the export to the coast of Africa, as forming a circuitous export to the West Indies, and charge the whole as a debit against the importations from the West Indies into this country: but from the manner in which the accounts are kept in my Office, I have not the means of distinguishing the exports to Africa, for the purpose of purchasing slaves, from the exports there for other purposes. And as a considerable part of the negroes are exported, either directly from the coast of Africa, or re-exported from our islands, after their arrival there, to foreign European settlements in the West Indies and South America, I have therefore simplified the subject, by adding the value of the negroes actually retained in the British West Indies to the value of the direct exports from hence, and charged both, amounting to about 4,670,000*l.* against the value of the imports.

The value of the British West India productions in the old islands imported into this kingdom, on a medium of four years preceding January 1796, agreeably to the current prices in Great Britain during that period, may be estimated, exclusive of the duties, to about 6,800,000*l.* annually. Agreeably to this statement, the value of the imports will exceed the value of the exports 2,130,000*l.* But this sum, as far as I can form an opinion, cannot be stated as an unfavourable balance against Great Britain, but it is rather to be placed in the opposite scale; for it may in part be considered as the remittances of the property of persons who possess estates in the West Indies, and who are wholly or occasionally resident here, and of persons who have lent sums of Money on mortgage or otherwise in the West Indies, and receive the interest through the medium of these remittances. And further, a part is applied to defraying the freight, and the various charges incurred in this country on the sale of the West India produce, such as commission, wharriage, warehouse rent, &c. &c.

I am of opinion, that the whole of the above balance is spent in this kingdom; and I find that the value of West India produce, exported chiefly to other parts of Europe, amounts to upwards of 2,000,000*l.* in value annually.

I decline entering into explanations of those branches of the West India trade, which are not connected with the direct trade of Great Britain; particularly the trade with the foreign European Settlements in the West Indies, and with the Continent of North America, because such an explanation does not appear to me to be very materially connected with the subject in question.

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Can you state, whether the general balance of trade, for the four years preceding 1796, has been generally favourable to this country, and to what amount?—There are perhaps few questions; to which the human attention can be directed, more difficult to form an opinion upon, than this; from the variety of considerations, and the vast statements with which it is connected, and also from the materials, on which conclusions are to be formed, being, in some instances defective. The common mode, I believe, of considering that question has been, to set off the value of the imports, as stated in the public accounts, against the value of the exports; and the difference between the one and the other, has been considered as the measure of the increase or decrease of the national profit. In those branches of our trade where the transactions consist merely in an exchange of commodities, the principle of ascertaining the balance by the excess of the import over the export, would be just; but, under the different circumstances attached to the other branches of the British trade, the application of this principle to the whole, would, in my judgment, be extremely erroneous. In making up my mind on the amount of the general balance, I have endeavoured to ascertain, as well as the nature and circumstances of the case would admit of, the true value of the goods exported and imported.

In the export of the British manufactures, it is extremely difficult, and perhaps impossible, to form a very correct estimate even of the price of each particular article; but, upon a general average, it appears to me that the rate or estimate of the value of the British manufactures in the Inspector General's Books, may be considered at about thirty per cent. below the present estimated price of the same articles.

In estimating the value of the imports into this kingdom, less difficulty occurs; the medium value of West India produce may be ascertained with considerable accuracy.

The flax, iron, and other products of the Baltic; the wines, fruits, &c. from the South of Europe; may also be valued accurately, by attending to the current prices in different periods of the year: and by adopting the East India Company's sales, as the import of the year, we have the true value of the importations from India and China.

I forbear pressing further on the attention of the Committee, and therefore I come to a general conclusion, by stating the balance of trade in favour of Great Britain, has, in my opinion, amounted, on a medium of the four years preceding 1796, to upwards of 6,500,000*l.* annually. In forming this opinion, I have taken into consideration the circumstances stated with respect to particular branches of our trade; and I wish to impress upon the minds of this Committee, that many difficulties have occurred in forming this estimate, and that I am at all times extremely diffident of my own judgment.

From the judgment which you are able to form of the trade of the year 1796, do you apprehend that the balance will be greater or less than the average of the four preceding years?—I have already endeavoured to explain, that the favourable balance does not depend altogether on the excess of the export over the import, and particularly when applied to the estimated rates of the Inspector General; and the fact, with respect to the amount of the trade of last year, has been too recently obtained to admit of my turning my attention to the subject.

Have you any reason for believing that the balance will be less?—I cannot pointedly answer that question; the great quantity of corn imported into this country last year, and the high price at which it was purchased, may have had a material effect on the national balance.

Are there any manufactures established in this country, of late years, which have tended materially to increase the export trade of the country?—If by late years, I am to understand a period of 20 or 30 years, there are many articles of manufacture, which have arisen in that period, that have produced a material effect on the export trade of this country. Speaking, from the best of my recollection, the medium quantity of cotton wool retained for home consumption, or manufacture, did not exceed four or five millions of pounds; of late, the medium quantity retained may be stated at upwards of 26 millions of pounds. The Birmingham and Sheffield manufactures have of late greatly increased our export trade, as also the pottery ware of Staffordshire; and other articles, such as salt, &c. have also increased.

I wish to explain further, as to the national balance: in stating the sum of 6,500,000*l.* to be the amount of that balance, I do not mean it should be considered that such a profit arises to individuals, because the interest of their capital may in some measure be considered as a deduction, as well as the interest of the shipping employed in carrying on our trade; and I have reason to be of opinion, that, immediately preceding the war, the value of the merchant shipping of this kingdom amounted to very considerably above twelve millions.

Are the entries at the Custom-house of goods exported accurate as to the quantity?—I have no official knowledge of the subject. I form my accounts from returns transmitted by the executive Officers of the Customs; but I shall offer my opinion as a private individual; but upon which opinion, perhaps, no great stress is to be laid, for the reasons already stated. The principal part of the articles imported being subject to a duty, I conceive the accounts transmitted to the Inspector General, as far as relates to these articles, is accurate; and that we have a tolerable correct account of the free goods imported also.

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also. In the export of the foreign merchandize in the port of London, the quantities are taken from the indorsements on the Searcher's bills; and as these goods are generally entitled to a drawback outwards, I am of opinion that the quantities are nearly correct.

I have, upon many occasions, turned my mind to the free goods exported; and I have taken the opinion of various persons, whose official situation enabled them to form some opinion upon the subject; but I never could obtain such information as enabled me to form in my own mind an opinion perfectly satisfactory. In many cases, I have understood the quantities are over-entered, and also that in other cases that the quantities are under-entered; this will very much depend, I conceive, upon the particular views the merchant may have: but as to the comparative view of the value of free goods exported, I am of opinion that it may be looked upon as a correct criterion by which we are to judge of the general increase or decrease.

Can you state, whether the increase in exports and imports, during the time to which you have more particularly spoken, has arisen principally upon the exportation or importation of free goods, or in what proportion?—A much greater increase, as appears by the accounts now before the Committee, has taken place on the goods subject to a duty than on the free goods.

Mercurii, 29^o die Martii, 1797.

The Right Honourable the Chancellor of the Exchequer; called in,
and further Examined.

Mr. Chancellor of
the Exchequer.

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1797.

IN order to explain my former answer, respecting the effect of the unusual import of corn, before alluded to, I wish to inform the Committee, that I find, on inquiry, that although the whole quantity of corn is included in the account of imports, and therefore an allowance made for it, in stating the general balance, yet, that it is allowed for only at the Custom-house rate, which I understand to be very far below the true value; as to wheat particularly, I believe more than one half: and as this even exceeds the proportion, by which the average value put on the imports and exports may fall short of the truth, a separate allowance may be necessary, on this account, in estimating the real balance.

Were there any circumstances which, in your opinion, might tend to prevent a corresponding increase of the accustomed circulation of Paper in the country, in proportion to the enlarged scale of the transactions to which you have before alluded?—I do not feel myself a competent judge of the causes which might affect the circulation of the accustomed Paper in the country, nor have I obtained any precise information concerning it; but I have, I believe, already stated, that it appeared to me a material object of inquiry, in this respect, whether the circulation of Country Bank Notes had not been materially diminished since 1793. From some inquiry I have had an opportunity of making since I last attended the Committee, I have more reason to believe, than I had at that time, that this is the case.

Can you state to the Committee, whether there were any causes which, in your opinion, were likely to alter the quantity of Bank Notes in circulation, during the period when the change in the situation of the Bank arose?—I stated this point, as appearing to me to form a natural branch of inquiry, in any attempt, generally to investigate this extensive subject; but I am not able to form any precise judgment myself, of all the different causes which might affect the circulation of Bank Notes. These causes may obviously be of two kinds; those which may affect the possibility of a greater or less circulation being maintained in the Public; or those which may regulate the discretion of the Bank in issuing a greater or less quantity. If the Bank should be disposed, at any time, to maintain the same quantity in circulation, or to increase it, under circumstances when such a circulation could not naturally be maintained, I should conceive such an attempt would be impossible: on the other hand, if the general circumstances of the country should admit, and call for, at any time, an increased circulation, to whatever amount, the effect could not nevertheless be produced, if there should be any circumstances, which induced the Bank, in their discretion, to withhold an increased issue: the Committee will easily see, that I cannot pretend to be a judge of all the causes, which the Bank may think it their duty to attend to in the exercise of their discretion. As to the causes of the first kind, those which may affect the possibility of maintaining a greater or less quantity in circulation, I can only form a conjectural opinion on that point, on such general principles as appear to me likely to operate upon it.

What are the circumstances which, in your opinion, would call for the increased circulation above alluded to?—I should conceive, generally speaking, any increase in the commercial transactions of the country, or in the amount of actual capital and income employed, unless there was a proportioned increase in the means of circulation, either in Cash or Country Bank Notes, or some other current Paper, independent of the Notes of the Bank of England.

Would

Would not the credit of the individuals concerned in those transactions furnish those means?—I do not, myself, see grounds enough to satisfy me, that mere individual credit must necessarily at all times be able to supply increased means of general or extensive circulation, in proportion to the increased scale of transactions in the country; but if it did, it would come within the exception I made in my last answer, namely, that of an increased circulation being provided independent of Bank Notes.

Mr. Chancellor of the Exchequer.

29 March, 1797.

Is there, to your knowledge, any Paper in circulation, in the Metropolis and its neighbourhood, payable on demand, except Bank Notes?—I do not recollect ever to have heard of any.

Can you form any opinion, how far the enlarging or contracting the quantity of Bank Notes in circulation, might have a tendency, under certain circumstances, to produce a drain of Cash from the Bank?—The Committee must perceive that this is quite a conjectural question, and on a subject of so much uncertainty, that it must be liable to great variety of opinion. As far as it strikes me at present, it does not appear to me probable that enlarging the quantity of Bank Notes in circulation, provided they are kept within the extent at which the circumstances of the country would naturally maintain that circulation, and provided they are not in general supposed to exceed the faculties of the Bank, can have any tendency to produce a drain upon the Bank: I should conceive, on general reasoning, that if the amount of the circulation is nearly proportioned to the general demand, that the effect of its being enlarged, so as to bring it to that amount, may occasion a greater quantity being brought into the Bank, in any given period, to be exchanged for Cash, than while the whole quantity in circulation was less. But, supposing the demand to remain the same, the circumstances will of course admit of a greater quantity being also re-issued; and though the small temporary fluctuations in the Cash of the Bank may, in this case, be in a greater proportion than while the whole circulation was less; yet, upon an average, I do not conceive that their stock of Cash could be materially affected. I beg to add, that though I have answered this question, on the supposition stated, of the amount of Bank Notes being enlarged, that, as far as comes within my knowledge, in point of fact, the quantity has not, upon the whole, been enlarged during the period to which the inquiry relates, but as I conceive, on the contrary, has been reduced. The effect of contracting the Notes in circulation, is also a point on which it is extremely difficult to form a conjecture. It appears to me, as far as I have considered it, that it must be very different indeed, according to the different circumstances under which it is supposed to take place. If they are contracted at a time when the quantity put into circulation is supposed to have exceeded the limits I have before stated, it would appear to me to be likely to relieve the Bank from the continuance of a drain to which they would otherwise be exposed: if, on the other hand, they should be greatly contracted at a time when the quantity does not exceed those limits, and much more when it falls short of them; and if there are no other adequate means of supplying the circulation to the requisite amount in the different parts of the country, I should conceive (as far as I can form a judgment upon it) on the grounds stated in a former part of my examination, that this must necessarily tend to produce an increased demand of Cash, on any place in which it is known to be in store, and where there are means of obtaining it on demand; and in this way, I think, the consequence would be, a diminution of the Cash in the Bank. I should also conceive, that if it was contracted suddenly, and to an amount which bore a very considerable proportion to the whole circulation, that the shock which this might give to mercantile transactions, and the individual difficulties and distresses which might result from it, might have a tendency to produce general alarm among monied men, which, if carried to a great extent, seems very likely to occasion a risk of a great drain upon the Bank.

Do you conceive, that the great quantity and low price of the funds, the discount of Government securities, the advances made by the Bank to Government, and the arrears owing by Government to individuals, or any of those circumstances, have any effect in reducing the facility of the circulation of Paper?—If the question means, Whether those circumstances might tend to make it more difficult to obtain accommodation, by way of discount from individuals on the same sort of security on which they would be inclined to give it ordinarily in time of peace, and so might produce a greater difficulty in carrying on mercantile transactions, and giving activity to capital; I should think most of the causes enumerated would have that effect: but I do not see that any of them have a tendency to prevent the circulation of any Paper that is usually current, unless the credit of any of the parties issuing it should be affected by the consequences of them.

Can you state any reason why the causes, mentioned by you, most of them existing since 1793, have not produced, before this time, the inconvenience now felt?—The Committee will be so good to recollect, that I have stated no positive opinion on the effect of these causes, but have rather suggested them as matters of consideration and inquiry; but I think it will appear, on a little explanation, that, supposing them to have operated in the way suggested, their operation could only be gradual, and must naturally be more felt at the latter end of the period than at the beginning.

With regard to the first object of inquiry, the diminution of the total quantity of Cash within the kingdom, if it should appear, that the commercial balance has been favourable during the whole period, and that its effects have been counteracted or diminished by the successive expenditure of Money abroad on other accounts, it seems natural that the effect

Mr. Chancellor of
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should not be sensibly felt till the amount of that expenditure had increased so as to bear a very considerable proportion to the commercial balance; and I believe it will, in fact, appear, that very large remittances did take place before the period when there was such an alteration in the rate of Exchange, as to lead to the supposition that the balance of actual payment on the whole was become, for a time, unfavourable to this country. With respect to the second cause which I pointed out for inquiry, that of a change of the distribution of Cash within the kingdom, if there should appear reason to think that this might be produced, in the manner stated, by an increase in the general scale of our transactions, and the other circumstances referred to, as requiring greater means of circulation in different parts of the country, it is evident that the operation of these causes also must be gradual; and from the accounts of our commerce, it appears, that, in many respects at least, that increase has been greater in the latter part of the period than at the commencement of it. It is also to be recollected, that the effect of the causes referred to, in producing a new distribution of Cash within the country, so as to draw any of it from the Bank, is put on the supposition of the quantity in the country remaining on the whole the same; and of the additional demand for circulation not being supplied, independently of Bank Notes; I believe it will be found on inquiry, that in the first part of the period since 1793, the quantity of Cash within the kingdom did not remain the same, but was probably in its progressive state; because, during the first part of the period, the Course of Exchange appears to have remained for a considerable time favourable; during that time, it is rather to be supposed, that more Money or Bullion came into the country, than went out of it; and in fact, I believe, it will also appear from accounts, that, during the same period, a considerable addition was made by coinage to the quantity of Cash current within the kingdom. If this be so, there were of course, to a certain extent, additional means of supplying circulation, even independent of Bank Notes, without at that time diminishing the quantity of Cash in store in the Bank. I also doubt whether it will not be found, on reference to the scale of Cash and Bullion at different periods, that, in point of fact, in the first part of the period, the quantity in the Bank was not materially diminished. I must further add, that the causes to which I have referred in this examination, were stated as those which might be supposed to have contributed to reduce the amount of Cash and Bullion in the Bank, to that at which it stood at the commencement of the present year: if, therefore, by "the inconvenience now felt," is meant, the inconvenience arising from their Cash being reduced to its present state, and from the Order of Council being thought necessary in consequence, it must be recollected, that a further reduction of Cash took place from other causes, which have been before spoken of, and which are wholly different from those supposed to operate at an earlier period. The reduction of Cash which took place in January, was stated, in the opinion of the Bank, to proceed principally from demands from Ireland, occasioned by the alarm of invasion there; and the great and rapid drain in February, which has been stated to be the immediate cause which produced the necessity of the Order in Council, was stated to proceed from rapid and increasing demands from different parts of this country, occasioned by local apprehensions and alarms, and not by the causes which have been before referred to.

What is the utmost amount of the sums advanced by the Bank to Government, the repayment of which has at any time been applied for by the Directors of the Bank?—The utmost amount is, that which has been stated by them as desirable since the commencement of the present year, and was about seven millions of the Advances which then existed: the applications for repayment, at former periods, related chiefly to the repayment of Treasury Bills, and also to some part of the Advances upon Exchequer Bills, or Bills on the credit of the Consolidated Fund, as well as I recollect: these applications were made at very different periods, and for different sums. I cannot take upon myself to state, upon recollection, the precise amount; but an account of every sum applied for can, I believe, be correctly obtained from the Bank. The amount of sums actually repaid, from time to time, on Treasury Bills, can also be stated correctly for each month; and I have obtained such account from the Bank, which, with permission, I will deliver in.

Jovis, 30^o die Martii, 1797.

George Ellison, Esquire, Secretary to the Association of Country Bankers; called in, and Examined.

G. Ellison, Esq.

30 March,
1797.

WILL you state the purpose of that Association?—The purpose of the Association is merely for the protection of those belonging to it against forgeries and frauds of every description.

Have you a general correspondence with all or a considerable number of Country Bankers?—With almost all the Country Bankers I believe in the kingdom.

Has the number of Country Bankers increased or diminished since the difficulties which arose in 1793?—The number has very considerably diminished.

Can you state any proportion in which it has been diminished?—I calculate the proportion at about one-fifth.

Do

Do you apprehend, that the amount of Country Bank Notes in circulation has increased or diminished since the difficulties in 1793?—To that I can only speak from opinion; but the reasons upon which I found that opinion, leave no doubt upon my mind that the amount is very considerably less indeed than was in circulation in 1793.

G. Ellison, Esq.

30 March,
1797.

Can you form any judgment of the proportion in which you apprehend the Country Bank Notes may have so diminished?—From conversations which I have held with various Country Bankers in different parts of the kingdom, I find they think differently on that subject: some have told me that they have not one-fourth, or more, of the Notes now in circulation which they had in the beginning of the year 1793; but if I were to speak my own opinion, from the various conversations I have had, the probable diminution seems to be about one-third.

Do you apprehend that any considerable diminution of the Notes of the Country Banks took place about the latter end of the last year and beginning of the present year:—I am not prepared to give any opinion on that head.

Have you any means of knowing whether the quantity of Specie, remitted from the Country Bankers to London, has increased or diminished since the year 1793?—It must have fluctuated extremely between 1793 and the present time, and must have been a proportion to the current occasions of each individual Banker. I conceive the balances of the Cash kept by the Country Banker with his London Banker have been very much less during that period than it was before.

Do you know whether the amount of Bank of England Notes, circulated in the Country, has increased or diminished since the difficulties of 1793?—I cannot answer.

Why has the balance of Cash kept by the Country Banker with his London Banker been much less than before?—A material reason I conceive from the circumscribed circulation of his own Notes, which rendered it less necessary for him to keep a large balance to answer the payment of his Notes in London: another reason is, that the different state of credit within that period obliged him to keep his resources at home, and also induced the people in the country, who were in the habit of keeping Cash in various ways with Country Bankers, to draw it out of their hands. The last observation applies to the balance of the Country Banker with his London Banker, in this way, that any excess of Cash which he had in his hands, he used to send up to his London Banker, and let it remain with him, because of late the London Banker had been in the habit of allowing an interest to the Country Banker.

Has that practice of allowing an interest to the Country Banker ceased?—Not where the Country Banker will lodge his Money with the London Banker; but the difficulties of the times make the instances very rare where they keep such a deposit now.

Has the amount of Country Bank Notes, payable in London, decreased beyond the proportionable diminution of those Notes in general?—I should think not; because the Country Bankers' Notes get into the hands of indifferent people, who bring them up to town to answer their own purposes; and there they are carried for payment to the London Banker.

To what causes do you attribute the different state of credit within the periods you have spoken of?—My opinion is, that it proceeds from want of confidence between man and man.

Can you give any account of any unusual increase of drafts on the Country Bankers, in the latter end of last year, or beginning of this?—Particularly so within about this month or six weeks. The stoppage of the Newcastle Banks gave an alarm throughout the country, and occasioned an extraordinary run upon very many of the Country Bankers; insomuch, that several of them were obliged to suspend their payments till they could get relief from London, either by drawing on their London Banker, or by selling out Stock at a very great loss, which many of them did.

Can you state the number of Country Banks in England and Wales?—I reckon them at about 230.

In what part of England was the greatest run upon Country Banks, at the period before-mentioned?—It was in different parts of the country: some in Yorkshire, Lincolnshire, Gloucestershire, and other counties.

Have you any reason to know, whether, at the time of the stoppage of the Newcastle Banks, the other Country Banks, in different parts of the country, had more or less Cash in their hands than usual?—I have reason to think neither more nor less than they were accustomed to have for some months before.

Do you apprehend, from the information you have received, that the distress of the Country Banks for Cash has been occasioned by the demand lately made upon them, or by any general want of Cash in the respective counties in which the Notes of those Banks principally circulate?—I conceive, that their own particular distress has proceeded from the extraordinary demand made upon them for payment of their Notes; but those extraordinary demands must have arisen from a general want of Cash in the different parts of the country where the Banks are situated.

*G. Ellison, Esq.*30 March,
1797.

What do you mean by "a general want of Cash?" do you mean, that there was less Cash than usual in those parts of the country, or that, from alarm and other circumstances, people were desirous of getting Cash into their hands?—I mean, that the tradesmen and manufacturers, in different parts of the country, found more difficulty than they had been accustomed to in obtaining Cash for the carrying on their concerns. I think that the alarm certainly (which had gone abroad) did induce very many people to hoard up Cash, which they had not been used to do before.

Can you inform the Committee, whether, since the commercial difficulties in 1793, Country Bankers, in any, or in many of our large towns, have been in the habit of lending less Money than formerly to merchants and manufacturers for commercial purposes?—I believe very much less indeed.

Do you know what the number of Country Bankers were before the difficulties in 1793?—I think about 280.

Daniel Eliason, Esquire; called in, and Examined.

D. Eliason, Esq.

ARE you engaged in business in any Commercial House in London?—Yes, in the firm of Aaron Goldsmid, Son, and D. Eliason.

What is the nature of the business of your House?—We receive Bills of Exchange from abroad, and for those Bills we make returns to our several correspondents.

Do you, in consequence of that business, become acquainted with the Course of Exchange, and price of Gold and Silver Bullion, in the countries with which you correspond?—Yes.

What are the countries with which you principally correspond?—At present only with Germany.

Are you acquainted with the Course of Exchange, and the price of Gold and Silver Bullion, at Hamburgh?—We get information every post, and the price varies.

Has the Course of Exchange been, for any time past, and how long, favourable to this country?—If there are more goods exported from this country than is imported, then the Exchange will be in favour of this country.

Has the Course of Exchange been favourable to this country during the last three months?—Yes, it has.

Was it unfavourable previous to that time?—It was. If the Exchange is under a certain price, then the Gold and Silver can find its way out of this country.

What do you consider as the par of Exchange between this country and Hamburgh?—33 schillings and 8 groats.

What is the rate of Exchange which you consider as so unfavourable to this country, as to be likely to carry Gold and Silver out of the country?—About 33 schillings 4 groats.

What is the rate of Exchange which you consider as so favourable, as to be likely to bring Gold and Silver into this country?—At the present moment from 36. to 36 : 6. will bring Gold into this country : Silver about 35 : 8.

What is the rate of Exchange with Hamburgh?—On Tuesday last it was, Bills at 2½ usance, 36.

Do you consider this rate of Exchange as favourable to the importation of Gold?—As the present price comes from Hamburgh, it is.

In your answer to the former questions, do you mean Bills at 2½ usance?—Always.

What is the present price of Gold at Hamburgh?—Ninety-eight marks per mark.

How much is that in Sterling Money per ounce?—It will bring it to about 3*l.* 15*s.* or 3*l.* 16*s.* an ounce imported here.

Do you consider the present rate of Exchange as favourable to the importation of Silver?—Yes, certainly.

What is the present sterling price of Silver imported here from Hamburgh?—About 5*s.* 4*d.* an ounce.

Was there, according to the last accounts which you received from Hamburgh, plenty of Gold and Silver Bullion at market?—There are both; but most abundant of Silver.

Have you any reason to apprehend, that any quantity of Gold Bullion is coming from Hamburgh to this country?—There has some come to our hands very lately.

Have you any reason to expect more?—Yes.

Do you apprehend that any considerable quantity is likely to come from Hamburgh in a short time?—It depends entirely on the price: it must produce some profit to the importer,

porter, after all charges; and if the Exchange continues high, and the Gold does not rise in proportion in Germany, it may certainly be had.

Have you any reason to apprehend that the price of Gold will rise so high in Germany, as to make it unprofitable to import it into this country?—I have not.

Have you any reason to apprehend that any quantity of Silver Bullion has lately come, or likely to come from Hamburgh?—It has not come as yet; but I think a large quantity will come in a short time.

Have the prices of the public funds in England any effect to invite, or to prevent, an importation of Gold and Silver from Hamburgh?—I think none at all.

Have you been concerned in any of the remittances made, during the last two years, for the service of the Emperor?—No.

D. Eliason, Esq.

30 March,
1797.

Veneris, 31^o die Martii, 1797.

Daniel Giles, Esquire, and Samuel Bosanquet, Esquire; called in, and further Examined.

*D. Giles, Esq.
and
S. Bosanquet, Esq.*

31 March,
1797.

Mr. Bosanquet.

WHAT was the motive for issuing the notice of the 31st of December 1795, respecting Discounts?—Because the demand for Discounts, and the number of applicants, were both so much increased, that the Directors could not restrict the amount of their Discounts within the sum that was thought advisable to be done, without being liable to partiality, and frequently refusing good Bills from persons fully entitled to assistance.

What do you apprehend to have been the reason for the increase of applications for Discount at that time?—I suppose the scarcity of Money.

Were the applications which were then made, made by persons who had not been in the habit of applying for Discounts, or by persons who had been in the habit of applying, but who applied for Discount of Bills to a greater amount?—Mostly by persons who were in the habit of discounting; but many of them not with the Bank until about that time, when they opened accounts, occasioned, as I suppose, by their not finding that facility at the Bankers they were used to do, owing to floating Paper in the market that gave a larger interest than 5 per cent. and which it is to be presumed monied people gave the preference to. No persons can Discount at the Bank but those who open accounts there.

Mr. Giles.

Do you apprehend, therefore, that there was a greater demand for Discount generally, or only a greater demand for Discount of the Bank, in consequence of other persons, who had been in the habit of discounting Bills, giving a preference to the employment of their money in purchasing the floating Paper, which you have mentioned as a more advantageous way than taking 5 per cent. for discounting Bills?—There was a greater demand in general; and the reasons I suppose are, that at that time of the year, which was in December, there generally is a greater demand; and besides being occasioned by the floating Paper, there was a large loan just made, and an apprehension of a loan to the Emperor.

Do you apprehend that the increased demand was, to any considerable amount, for the purposes of trade?—I cannot discriminate the purposes.

At the time when the notice of the 31st of December 1795, was given, the Cash and Bullion in the Bank having been reduced about one-half of the amount at which they were in the month of June preceding, did the Bank, about the time of that notice, reduce the amount of their Discounts?—It prevented their increasing.

Did the Bank, at that time, think it advisable to limit their Discounts to a smaller amount than that which had been the limit in the month of June preceding?—I should think not.

When did the Bank first think it advisable to limit their Discounts to an amount less than that which they have generally been in the habit of affording, according to the time of year, and other ordinary circumstances?—It is impossible to answer that question, without having had previous reference to the books, and taken out minutes. I was not aware of being likely to be questioned to this point, and therefore am not prepared; but I can say, that there is no one period at which it can properly be said, the Bank first thought it advisable to limit their Discounts; for at all times they felt themselves at liberty to exercise their discretion in the amount of what was lent; and the resolution of the 31st of December 1795, was only a new mode adopted, which, it was hoped, would be more efficacious, and a more impartial mode of obtaining the end designed, namely, that of keeping the Discounts within such limits as might from time to time be agreed upon.

Mr. Bosanquet.

Are private Bankers allowed to open accounts with the Bank?—Yes. They always might, but could not Discount in their own names previous to the Order in Council. Since that time they have been permitted to do so.

Mr. Giles.

Did any diminution of the amount of Discounts take place before December 1796?—Yes. I believe there was a diminution from the highest amount in 1795.

Were not the Discounts higher in 1793, than at any time in 1795?—Undoubtedly they were; they were, in 1793, for a very short period, uncommonly high.

Mr. Bosanquet.

At what period was that?—In the spring of the year.

*D. Giles, and
S. Bosanquet,
Esqrs.*

31 March,
1797.

Mr. Giles.

Can you form any judgment of the amount of the Notes of the Bank of England in circulation out of London, and the parts adjacent?—Impossible.

Have they any considerable circulation in the distant parts of the kingdom?—We do not apprehend them to be considerable, previous to the Order of Council.

Have you formed any calculation of the time within which the several causes for the drain on the Bank, formerly mentioned by you, exclusive of the alarm which took place at the close of 1796, would have probably operated to draw all the Cash from the Bank?—I really cannot answer that question; I have not formed any such calculation.

Do you apprehend, if the drain, arising from the alarm of invasion in this country and Ireland, had not happened, the other causes mentioned by you, as producing, in your opinion, a drain on the Bank, would have operated to draw all the Cash from the Banks within the course of twelve months?—The Bank would have taken such measures, I hope, by restricting the Advances to Government, and other Advances, as would have prevented it.

Do you apprehend, that if the Advances to Government, and the other Advances, had continued the same in 1797 as they were during the year 1796, and no alarm of invasion had happened, the causes which you have mentioned as occasioning a drain on the Bank, would have operated to draw all the Cash out of the Bank before the end of the year 1797?—The nature of the business of Banking is so complicated, that it appears to me not to be possible to answer such speculative questions. Many causes might operate, in the course of the year 1797, not at present foreseen, which might prove favourable or unfavourable to the state of the Bank.

Mr. Bosanquet.

Mr. Giles.

Mr. Bosanquet.

Mr. Giles.

To guard against all events, the Bank would have thought it essentially necessary to have diminished the Advances to Government, in order to put themselves in a state of safety.

Concurs in that addition heartily.

Did the Directors of the Bank intend to have stopt payment of Cash on the 27th of February, if the Minute of Council had not been made?—Certainly not.

What would probably have been the effect upon the Cash in the Bank, if payment in Cash had continued after the 26th of February?—That must depend on all the calls which were made.

Do you apprehend that there would have been any call for Cash on the Bank on the 27th of February, which would have reduced their Cash below what it was on the 26th?—£1,000 would have done it; and I apprehend there would have been a call for a great deal more.

Have you any reason to apprehend the drain, during the week subsequent to the 26th of February, would have been less than in the week previous?—I apprehend it would not have been less.

Do you think it would have been greater?—I should rather think greater than less.

If the drain had continued for a month, subsequent to the 26th of February, to the same amount as in the month preceding, would it have reduced the Cash in the Bank to so low an amount as that at which it stood in September 1783?—I believe it would.

Do not the Bank Directors regulate their issues upon Discounts, by an attention to the proportion of Cash in their coffers, and the amount of their outstanding notes?—They ought to do so; and generally do regulate their conduct in consequence.

Would not any circumstances which should occasion a diminution in the amount of their Cash, and an increase of their outstanding notes, therefore, generally speaking, induce them to issue less in the way of Discount?—Certainly.

Have then, in point of fact, the expenditure of Money abroad, and the high amount of the Advances made to Government by the Bank, made the accommodation given by them to trade, less than it otherwise might have been?—Certainly it has. We should never be hurt by Discounts, if we had no other Advances to Government.

Were any of the Bills drawn by Colonel Crawford in the course of the last year, for the service of his Imperial Majesty, made payable at the Bank?—No; they are accepted by Mr. Long, payable at the Bank of England. I speak of Mr. Crawford's Bills, but I do not know the services they are for.

When you apprehended the most pressing danger to the affairs of the Bank, did you solicit the interference of Government?—I have answered that question before, when I said, "we neither consented nor dissented."

Were the minutes of the substance of conversations between the Directors of the Bank and the Chancellor of the Exchequer, reduced into writing in his presence; or sent to him for his inspection, before they were entered in the books of the Bank?—No.

Have you any reason to know, that the Chancellor of the Exchequer has admitted those to be accurate statements of the conversations which passed?—In general, the Governor and

and Deputy Governor wait on the Chancellor of the Exchequer about business relating to the Bank; and at their return, it is usual for the Deputy Governor to enter in the minute book the conversation that has passed, that it may be reported to the Committee and to the Court; and the Governor generally reads the minutes to see if, according to his memory, it agrees with what has passed.

Have you any doubt of the accuracy of the statements laid before the Committee?—I have not.

Was the Chancellor of the Exchequer, before the conversations held between him and the Gentlemen of the Bank, made acquainted, that what he should say would be minuted down on their return to the Bank, and be preserved as a formal record?—Certainly not; he was told by the Governor, generally, that he would report what he said to the Court.

Do you conceive, that you yourself stated distinctly, not merely, that the substance of the Chancellor of the Exchequer's answers to any distinct proposition, should be so reported and minuted down; but that the whole conversation should be so reported and minuted down?—We never stated to him at all, that either the conversations or answers were to be minuted down.

Has the state of the Advances to Government, and circumstances of an actual or approaching loan, formed a principal reason for the limitation of the Bank Discounts, upon those occasions when the Directors have thought it advisable so to limit them?—Sometimes these circumstances may have operated upon their judgments; but it has been combined with other circumstances, and the actual situation of the Bank at the time.

Was the situation of the Bank ever such as to have made it necessary for the Directors to limit their Discounts, provided the Advances to Government had been considerably reduced, and that no loan were likely to take place?—I think not.

Having stated in your former evidence, "that, if the Advances owing by Government had been re-paid, those difficulties which have happened, would not have happened;" do you mean to apply that expression to the sums advanced on Treasury Bills, the re-payment of which has been stated to have been repeatedly desired by the Directors in 1796, so as to have reduced the Advance by the Bank, on that account, to the sum of 500,000*l.*?—I apply it to the whole debt of Government; then, I would venture to say, it would not have happened.

Was any application made to Government by the Bank Directors before the 1st of February 1797, for the payment of the whole debt due by Government, or for any larger sum than what is expressed in the minute of that day, namely, 1,819,818*l.* on Treasury Bills?—Not for the whole debt; application was made for the 1,054,000*l.* of Bills on the Consolidated Fund 1795, and which since have been given him back in payment for the million in the last loan.

Would the repayment of the utmost sum required by the Bank, at any time before the 1st of February 1797, have enabled them to have answered the demands on the Bank, occasioned by the late alarms, under the circumstances already stated, so as to have presented the necessity of that representation to Government, which produced the Order of Council?—It is entirely matter of opinion; but I really think it would; we should have been in less danger had 2,500,000*l.* been paid us.

What is the utmost sum to which you allude, in your last answer, when you say you think the payment of such a sum would have prevented the necessity of the representation to Government?—I mean, 2,500,000*l.*

To what amount, in your representations to the Chancellor of the Exchequer, previous to the 1st of February, did you express a wish that the Advances to Government should be reduced?—I do not recollect that any representation was ever made to reduce the Bank debt to any specific sum; but frequent representations were made, regarding the high amount of the Treasury Bills of Exchange; and as it was not convenient for Government to discharge the advance made upon them, the Bank were induced to take Exchequer Bills on the Vote of Credit, and others on the Consolidated Fund 1796, in repayment of such Advance, and other smaller Advances which had been made *pro tempore*, which increased the Government debt; and I recollect that applications were made for the repayment of 1,054,000*l.*, as stated in one of the Governor's answers. I do not know of any other specific application previous to the 1st of February.

Is it not always in the power of the Directors of the Bank to restrict the amount of their Advances to Government, and to enforce the reduction of those Advances?—Undoubtedly it is; but not without taking measures which may be very detrimental in their consequences. I do not recollect a single Advance of any importance, which has been consented to for the use of Government, for a considerable time past, but where the consequences of refusing it did not appear to the Directors to be liable to the fatal consequence of bringing on a public alarm, by injuring the national credit; and this they judged likely to be of more fatal consequence than any inconvenience which could arise to the Bank from the making the Advance.

D. Giles. Esq.

31 March,
1797.

Mr. Bosanquet.

Mr. Giles.

Mr. Bosanquet.

S. Bosanquet, Esq.

31 March,
1797.

Has not Bullion, to a large amount, been purchased of the Bank, by the Agents of the Emperor, during the course of the year 1795?—I believe the Bank sold to Mr. Boyd's House a large parcel of Dollars, but I do not know to what amount.

Was not this a voluntary transaction on the part of the Bank?—Certainly; and the Bank could have no objection to it, because the sending Silver to Hamburgh for the payment of the debt due to the Emperor, tended to prevent the lowering of the Exchange.

Do you consider it as producing the same effect to the Bank, whether the remittances, for the service of the Emperor, were made by means of Bills of Exchange, or in Bullion?—In my opinion it was the same thing: if there is any difference, it was an advantage to the Bank that it should be sent in Silver, when to be got, because it prevented sending so much Gold.

Will it appear, from any documents before the Committee, in what proportion the Bank regulates its Issues on Discounts, with reference to the state of its Cash, and the amount of its outstanding Notes?—No, I conceive it will not: because, although the Directors have attention to the state of their Cash and Notes out, yet they have no stated or precise rule to regulate their conduct. The Court consists of twenty-six members, among whom there must be variety of opinions, especially on so speculative a point, as what effect a larger or smaller issue of Notes, or a more or less liberal Advance on Discounts, may have upon the state of the Cash. The amount of what they wish should be advanced on Discount, is regulated by the majority of voices.

If the Advances to Government had been repaid to the Bank, must not that repayment have been made by bringing back Bank Notes into the Bank; or, would any considerable part of that repayment have probably been made in Cash?—In the first instance, the repayment would be made in Bank Notes, if they could be got.

Have you any information, whether any quantity of the current Coin of the kingdom has been remitted abroad within the last eighteen months, sufficient to enable you to mention such quantity to the Committee?—No, I have not.

Had it occurred to you, previous to your first observing the drain, supposed to be more immediately occasioned by the alarm of invasion, to form any calculation or opinion, within what period the Bank might be materially distressed for Cash, supposing no alarm of invasion had taken place?—That period was, with me, antecedent to the 1st of January, on account of illness, which confined me that month; and previous to that period I had great hopes that the Bank would be enabled to face any difficulties that were likely to arise.

Were those hopes founded on an expectation, that a considerable part of the Bank Advances would be repaid?—Certainly they were; and were further supported by an observation I made, that there seemed to be a turn in favour of the Bank, against that drain which we had been so long complaining of, and which I judged was imputable to the state of Exchange.

If you had been informed in the week previous to your first observing the drain upon the Bank, supposed to be more immediately occasioned by the alarm of invasion, that it was the intention of Government speedily to repay a considerable part of the Bank Advances, should you, in that case, at the time of receiving such information, have thought the Bank secure; and would it not, in your opinion, have been perfectly so, if the alarm of invasion had not taken place, supposing such repayments to have been made accordingly?—I probably should have thought, that such a repayment would have made the Bank secure, if it could have been made to the amount proposed in the month of February, and in sufficient time.

What sum should you, upon the 1st of January last, have thought, if repaid, of the Government Advances at that time, would have made the Bank perfectly secure?—About three or four millions, without adverting to any subsequent alarm.

If that sum had actually been repaid in January, would the drain which took place in consequence of the subsequent alarm, have made it necessary for the Bank to suspend their payments in Cash?—It is difficult to answer that question; I think it would not; but it must have been ruled by the extent of the alarm, which I conceive it is impossible to say how far it might have gone.

Mr. Giles.

I think not; nor do I think the drain could have happened.

Sabbati, 1^o die Aprilis 1797.

Henry Thornton, Esquire, a Member of the House; called in, and further Examined.

H. Thornton, Esq.

1 April,
1797.

HAVE you received any information in answer to the inquiry which you stated you had set on foot, into the comparative amount of the quantity of Country Bank Notes in circulation before and since the commercial difficulties in 1793?—I have received a considerable number of letters on that subject; and the following is the substance of the intelligence contained in them:

First,

First, I will state, by itself, the account which I received of the whole circulation of "Notes payable on demand to bearer" at Bristol. The relative quantity circulated at the several periods named, was furnished by the six Bristol Bankers themselves, and I believe it therefore to be very accurate.

H. Thornton, Esq.

1 April,
1797.

Assuming the quantity of "Cash Paper," or Paper for which Cash may be demanded, which was circulated in 1792, and previous to the run on all Country Bankers, to be expressed by the proportion of - - - - - 10

The amount circulating at Midsummer 1793 and in 1794 (taking the average of these six Banks) will be nearly as - - - - - 3 $\frac{1}{2}$

The amount circulating at Midsummer 1796 to January 1797 will be nearly as - - - - - 5 $\frac{1}{2}$

The amount circulating since the end of February 1797 (being the period of the stoppage of the Cash payments of the Bank of England) will be nearly as - - - - - 3 $\frac{1}{2}$

According to such rough estimate as I am able to form, the amount in value of the Bristol Notes, for which Cash may be demanded, circulating in the first of these periods, may have been about - - - - - £. 360,000 sterling.

In the second period - - - - - 140,000

In the third period - - - - - 220,000

In the fourth period - - - - - 130,000

The following may be depended on as a pretty accurate account of the "Notes to bearer on demand," circulated at nearly the same periods, by a considerable Newcastle Bank, before 1793 - - - - - about 160 to £. 180,000

Some time after 1793, the circulation of this House increased, through one of the Newcastle Houses leaving off business, to about - - - - - 200,000

Before the stoppage of the Cash payments of the Bank, the circulation was reduced to - - - - - 110,000

Since that time it has been about - - - - - 80,000

I am informed by a considerable Bank in the county of Devon, that according to the best opinion they can form, the quantity of Bankers "Notes payable on demand to bearer," issued in their county, may have been, in 1792 - - - - - £. 120,000

That in 1793 the difficulties of the times reduced that sum almost to nothing; but that it soon increased to, perhaps, about - - - - - 60,000

And continued at about that sum till after the stoppage of the Cash payments of the Bank, when it fell to the amount at which it now stands, of about - - - - - 20,000

I have obtained information on nearly the same points from other Banks in a variety of parts; viz. Ashburton, Carlisle, Exeter, Hinckley, Litchfield, Scarborough, Sleaford, Stamford, Stockton, Tiverton, and Woodbridge. Each of these issue ordinarily "Notes to bearer on demand;" though the quantity issued by several of them is never considerable.

I have endeavoured to compute the relative average quantity of "Notes payable on demand," and issued by all these Banks, at the four several periods I before named; and I conceive that, supposing the amount issued by them all before 1793, to be as 90

The amount for some time after 1793, will be about as - - - - - 63

The amount before the stoppage of the Cash payments at the Bank, about - - - - - 78

And since that time, about - - - - - 40

I am informed, that at Manchester no "Notes to bearer on demand," are issued by the Banks; but some small Bank of England Notes begin now to circulate there; and there having been a considerable quantity of Guineas in the Manchester Banks before the stoppage of the Cash payments of the Bank, these Guineas have been paid away whenever they have been demanded since that time. At Carlisle, I am informed that there is usually a premium given by the Bank of that place for Guineas, of $\frac{1}{4}$ to $\frac{1}{2}$ part, which has lately advanced to $1\frac{1}{2}$ per cent. This increase is accounted for by the disposition which there prevails to obtain Guineas, in order to send them over to Ireland. The Bank of Carlisle continues to keep a regular supply of Cash for all the calls upon it.

I am informed, that in Scotland, where the Paper circulation is usually in high credit, and where Guinea Notes are current, it may be calculated, that the additional Guineas lately thrown into circulation, or hoarded by individuals, may amount to about 60,000. This appears to be exclusive of any additional quantity with which the Banks may have supplied themselves, and may have still in their possession. Silver had disappeared from the circulation in Scotland quite as much as Guineas.

Do any observations occur to you, from your late communications from the country, of which you think it will be useful to the Committee to be possessed?—It appears to me, that some inferences are obviously to be drawn from the information I have just given; the principal of which I think is, that that part of the Paper circulation of the country, for which, when it is withdrawn, Money becomes naturally the substitute, has been diminished since 1793, and is particularly diminished now; and that, consequently, there is a considerable

*H. Thornion, Esq.*1 April,
1797.

able degree of presumption, that the quantity of Guineas in circulation (not to speak of those which may happen to be hoarded) may have been for some time past, and may now in particular, be considerable. I do not conceive, that the very great diminution of Notes, which there is at this time, is likely to have been fully supplied by Guineas; for it is always possible, that for a limited time a very great scarcity of every species of circulating medium, out of London at least, may subsist, and that some suspension of payment, as well as stagnation of trade, may for such interval continue. I should think, however, that the reduction of "Notes to bearer on demand," which I have described as existing for a considerable time, is likely to have been supplied principally by Cash, though partly perhaps by the means of payment made by Bills of Exchange, of which it is not easy to calculate either the diminution or the increase.

Is it understood, that, according to the established principles of banking, a Banker, in order to provide for his own safety, ought to maintain a certain fixed proportion between his Specie and the Notes which may be out against him?—I conceive, certainly not; and that his Specie should be proportioned to whatever may be thought, by him, considering all circumstances, to be likely to be the demand for Specie antecedently to the time within which he can provide himself with an additional quantity of it.

According to the best of your judgment and experience, are the principles on which a private Banker acts, in the management of his business, applicable to the Bank of England?—I conceive, in many respects, the cases are similar; in others they are different, and even opposite. In forming any comparison between the case of a private Banker and the Bank of England, it will be necessary to take the case of a Country Banker, and not of a London Banker, as the latter does not issue Notes.

What, in your opinion, are the principal differences between the two situations, and the principles which belong to them respectively?—I conceive that the cases are different in respect to the issuing of Notes: a Country Banker issues perhaps a small quantity of "Notes to bearer on demand," and a larger quantity of Notes at interest, payable after certain notice; and he likewise has deposited with him very considerable sums, for which he is liable to be suddenly called upon by his customers residing very near to his Bank. In the time of expected distress and danger to the mercantile world, many of the prudent Country Bankers (if circumstanced as I have described) are disposed either to lessen or to suppress the circulation of their "Notes payable to bearer on demand," because these circulate in the hands of strangers at a distance from him, and are confounded with the Notes of other Bankers; so that if any neighbouring Bank should happen to stop payment; he is particularly liable to a sudden demand for Guineas, in consequence of the country people, through the general alarm, bringing in for payment these Notes; he is also liable to expense and to danger, by its being possible for rival Banks, who have not Guineas enough for their own necessities, to possess themselves of these Notes, and to send them in for payment, with a view of thus supplying their own want of Guineas: the Country Banker therefore may act a prudent part, in relinquishing that source of his profits, which is furnished by the circulation of Notes to bearer, in times of expected difficulty, for the sake of securing himself in other respects. For if, through the pouring in of his Notes, his Cash should be inadequate, the whole body of his creditors would be likely to come for payment of their debts. The Bank of England is not at all circumstanced like the Country Banker in this respect; their Notes are in perfect credit in London, and its neighbourhood, where alone they generally circulate; and I believe it is universally agreed, it is not through any distrust of Bank of England Notes, that the demand upon the Bank for Guineas has taken place. The Bank of England are undoubtedly liable to be called upon for Guineas by Bankers in the country, in the same manner as a great Bank in the country is liable to be called upon for them by a rival Bank: but it is not possible for the Bank of England, unless it is supposed that they suppress their Notes altogether, to exempt themselves from this inconvenience: they are universally considered as the repository for Cash, on which every individual in the country, who is in want of Guineas, has a right to draw, and any person who has property he can sell for what is called ready Money, that is, for Bank Notes, may at any time sell it, and thus possess himself of Guineas drawn from the Bank. Moreover, the Bank of England, by their custom of daily discounting, afford to every individual an opportunity of obtaining Guineas from them; nor is it considered as being at all improper, by the friend of a Country Banker, to discount Bills with a view of thus furnishing Guineas for the relief of a Country Bank: whereas, in the case of two rival Country Banks, the idea of discounting at one Bank for the sake of furnishing Guineas thereby to the other, would not be entertained. I conceive, therefore, that in this respect the Bank of England has no such inducement to suppress or limit its Paper circulation, as a Country Banker has, since it cannot, by such suppression or limitation, secure itself from the inconvenience I have last mentioned, in the same manner as a Country Banker can. I think, moreover, there is an important difference between the case of a Country Banker and the Bank of England, in this other respect: if a Country Banker thinks fit to lessen his Paper circulation, or even to reduce or relinquish his whole trade in a period of expected difficulty, he can do so, without bringing down any great evils on himself: He may possibly contribute to the general distress, by abandoning his profession, or even possibly by diminishing certain parts of his transactions; but he may consider himself as being more than recompensed for his particular share of the general distress which he occasions, by the personal ease and tranquillity, or security, which he obtains. The Bank of England, on the contrary, are

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engaged in such large transactions, that they cannot relinquish any considerable part of their accustomed business, without giving a general shock to credit, of which they themselves must, as I conceive, be some of the first victims. If they reduce materially their Notes in a time of difficulty and distress, there are no other Notes which are ready to supply the deficiency in the circulation; and if it is to be supplied by Guineas, those Guineas must come from the Bank: They are always the possessors of a very large quantity of Bills, which they have discounted, and which are growing due from day to day. It is notorious that the acceptors of these Bills have not provided themselves with Guineas for the payment of them, but that they depend upon the means of payment on the accustomed liberality of the Bank: In short, the Bank depend, as I conceive, in respect to every part of their receipts, on the maintenance of general credit; whether we consider the Taxes, on the receipt of which they rely for the repayment of the Loans made to Government, or for the punctual payment of Bills of Exchange, which I have just mentioned, or for any other source of supply which they may be expecting: I conceive, therefore, that the Bank of England can find no safety for themselves, except by seeking it in the safety of the commercial world, in the general support of Government credit, and of the general prosperity of the Nation. It follows, therefore, that if any great suppression of their Notes is injurious to general credit, it must be injurious also to the Bank of England itself; and that the Bank of England, in respect to the issuing of Notes, does not stand on the same footing as an individual Country Banker.

H. Thornton, Esq.

1 April,
1797.

What, according to the best of your judgment and information, is the proportion of Bank of England Notes circulating in the country, to that which circulates in London?—I should think that very few circulate more than 20 or 30 miles from London; for there are Country Banks which issue Notes at something more than that distance from London, which supply, as I conceive, the circulation of the surrounding part. The House with which I am connected, is in the habit of receiving large remittances from the country, among which they seldom find any thing more than a trifling quantity of Bank Notes.

Assuming, that, in consequence of the Bank having extinguished a very considerable proportion of its Notes in circulation, a new circulating medium should have been created, in order to make up for that deficiency; must not the Bank, supposing it to act on the principle of providing for its own safety, by maintaining a fixed proportion between Cash and Notes, be compelled to make that proportion bear relation, not to its own Notes only which should remain in circulation, but also to the amount of that new circulating medium which should have been so created?—In case a new circulating medium in London should take place, I take for granted, that it would pass current every where in payments, exactly like the Bank of England Notes, and that it would be easily exchangeable for them; which Bank of England Notes would then be exchangeable for Guineas. The Bank of England therefore, assuming them to return into circulation a quantity of Bank Notes equal to those which had been brought in through such Exchange as I have described, for which I suppose Guineas to have been paid, would again be liable, by the interchange of the new circulating medium for some of these fresh Notes, to have fresh Guineas demanded of them. This observation, however, applies, not merely to any new circulating medium which might be introduced in London, but also to any circulating medium now existing in the country, which is exchangeable for Bank of England Notes, or to any species of Paper, or other article which is convertible into Bank of England Notes. I infer from hence, that the observation I have before made, is indisputable; namely, that the Guineas necessary in order to provide safety for any Bank, should be proportioned, not to the quantity of Notes, but to the probable demand for Guineas, for which, under all the circumstances of the case, the Bank is likely to be called upon antecedently to the time when fresh Guineas can be obtained.

Do you, or do you not conceive, in point of fact, that any considerable reduction of the Paper circulation of the Bank, below its ordinary amount, as often as it has taken place, has commonly produced an increase of discount on Navy and Exchequer Bills and India Bonds, and a fall in the price of Stocks?—I am not informed of every diminution in the total amount of Bank Notes, which may at different times have taken place; nor do I conceive that the effect spoken of in this question, is likely so much to follow from a diminution of any given quantity of Notes, as from a reduction of them below that quantity, whatever it may be, at which the circumstances of the time would naturally require that they should stand. It may happen, particularly in times of alarm, that through the depreciation of other Paper, the want of which Bank of England Notes may be wanted to supply, and also through the less economical use of Bank Notes, which may result from a disposition in many persons to keep their Bank Notes at home, instead of placing them at their Bankers, as well as from their disposition to provide some time before hand for an unexpected payment, that a very increased quantity of Bank Notes may be as necessary as a smaller quantity might have been at another time. I conceive, therefore, that, if in such a period the Bank of England should refuse even to increase their circulation, the effect may be the same, or even greater than their actual reduction of them at another period. I conceive, undoubtedly, that the refusal of the Bank to discount, with a view of reducing their Paper circulation, or of preventing its increase at periods when pressing applications for discounts were made to them, have often been manifestly followed by a great increase in the discounts upon Navy and Exchequer Bills, and upon India Bonds, and even by a fall in the price of

H. Thornton, Esq.

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Stocks. I apprehend, however, that the effect of such refusal in the Bank, is not so easy to be discerned, in respect to any fluctuation in the Stocks, because many other causes may co-operate in influencing their price.

Have you, in point of fact, remarked, that when the Bank has reduced or limited its discounts within the amount which the convenience of trade required, a rise in the discounts of Government securities, and a fall in the price of Stocks has taken place?—I have a general recollection that, early in the last autumn, there was a considerable demand for discounts at the Bank, only a small proportion of which was complied with, and that there was also a great rise on some species of public securities, and I believe also a fall in the price of Stocks. I more particularly know, that at a period ending some weeks previous to the Order of Council, Exchequer Bills payable in three months, and bearing about $5\frac{1}{2}$ per cent interest, were sold on Government account to the extent of above a million sterling; the interest which was made by the holder being thus about $6\frac{1}{2}$ per cent. I also know, from perfect recollection, that for two days antecedent to the Order of Council, the applications to the Bank for discounts were unusually great, and that a very small proportion of them was complied with, and also that the discounts on Exchequer Bills rose, on the two days preceding the Order of Council, to about 3 and $3\frac{1}{2}$ per cent per ann., yielding to the holder about 17 to 19 per cent. per annum interest; and that the Stocks fell at the same time; the difference between the price of Stock sold for Money, and the price of the same Stock sold for a period distant by a few weeks, was such, as to make the interest paid by the sale and re-purchase of the Stock amount to nearly the same rate. On the Monday succeeding the Order of Council, a very large discount was made by the Bank, with a view of relieving the Bankers from any run upon them, which the alarm arising from the event of the preceding day might occasion; I believe, however, that no such run took place. The price of Exchequer Bills continued on that day nominally as before, but I believe that few or none of them were sold. On the next day, when some degree of liberality in discounting again took place on the part of the Bank, they fell to $2\frac{1}{2}$ per cent, and the Stocks rose perceptibly. The difference between the ready Money Stock and the price of a future day was such as to afford, if I recollect right, an interest of 8 or 10 per cent. I believe there has been, since that time, some degree of fluctuation in respect to the supply of discounts from the Bank, and a somewhat corresponding fluctuation in the price of the public securities I have already named. It appears to me, that the high rate of discount on Exchequer Bills, which I mentioned to have taken place on Friday and Saturday preceding the Order in Council, was the consequence of the disappointments of the persons applying for discounts on the preceding Thursday, which is the chief discounting day at the Bank; and also, that the fall in the discount of the Exchequer Bills on the Tuesday, was the consequence of the enlarged discount on the Monday; and therefore that the diminution in the value of public securities, and the high rate of interest upon them, may be considered rather as being the effect of the conduct of the Bank, than as the cause of the applications being made to them for discounts.

Did the news of the Order in Council produce any considerable shock on public credit in the Metropolis?—I conceive the distress, for some time preceding it, and especially for two days before, to have been so great, that the relief given by the unusual discounts on the Monday, more than compensated, in the minds of most of the mercantile world, for any alarm occasioned by the stoppage of the Cash payments of the Bank. It was the want of Bank Notes, and not of Guineas, that had been felt; and no anxiety seemed to be entertained in the city, if Bank Notes were brought into circulation, respecting the manner of contriving to effect the smaller payments.

Must not the reduction of Bank Notes considerably below the amount which the convenience of trade requires, have a tendency to cause manufacturers throughout the whole of Great Britain, to limit their manufactures and turn off their workmen?—I should think undoubtedly.

Have any facts fallen within your knowledge, in actual confirmation of that opinion?—I recollect to have heard a mercantile person remark, that he had plenty of goods for sale; that he had also a sufficient demand for them abroad, but that a great many of the labouring manufacturers who made those goods, had been turned off for some time past, and an increased number just before the Order of Council, on account of his not being able to afford the usual credit, since he could not obtain his usual discounts.

Has not the profit to be made from Cash in the Metropolis, for the last year or two, been such, as to afford a strong inducement to all persons having demands on foreign countries, to get in their debts as soon as possible?—I conceive the interest on public securities has been so high, and the want of Money so great, as to have been likely to have induced people to urge their correspondents abroad to make them more than ordinary remittances.

Do you recollect the resolution of the Bank of the 31st of December 1795, respecting Discounts?—Yes.

Was there, at that time, any extraordinary application to the Bank for discounts, arising from any difficulty in procuring private discounts?—I believe that private discounts had at that time nearly ceased, if not entirely so; I do not mean by private discounts, the discounts of Bankers, who in general discount for their customers in all periods; I mean, by private discounters,

discounters, individual merchants, or monied men, who lend out Money upon Bills, for the sake of the interest which they obtain by those Bills. *H. Thornton, Esq.*

Were such private discounts, to any considerable amount, previous to December 1795?—I believe at some periods, since the war, they were; but I cannot recollect the periods exactly.

1 April,
1797.

Do not private discounts ordinarily diminish in time of war, when considerable profit may be made by floating Government securities?—Certainly.

Must not the Bank therefore, in such times, ordinarily supply the defect of private discounts, in order to prevent inconvenience to the Public?—Unless it is supposed that a considerable diminution of mercantile transactions takes place in time of war, it appears to me necessary that the Bank should increase their discounts.

Had the resolution of the Bank in December 1795, any effect to create any difficulty or alarm?—I do not recollect that any very particular alarm was excited: the Bank, antecedent to that resolution, had, in several ways, narrowed their discount; and I believe it was chiefly considered as an intimation, that they were about to limit them still more by this new regulation.

Is any inconvenience likely to arise from the uncertainty and fluctuation in the conduct of the Bank, respecting their discounts?—Undoubtedly it must tend to create an occasion for an increased number of Bank Notes: for those who fear disappointment on the day on which they asked for discounts, will be likely to provide some time before for their expected payments; and Bankers, in proportion as they are in a state of uncertainty, are inclined to furnish themselves with a larger quantity of Bank Notes. I do not conceive that the resolution above-mentioned implied any fluctuation in the system of the conduct of the Bank, but rather the contrary; it nevertheless occasioned some uncertainty to each individual merchant, as to his means of supply; and I rather think it operated as an intimation to the commercial world at large; I mean, both in the metropolis and in the country, that there was danger of increasing distress.

Supposing Government had, in January last, repaid to the Bank three millions sterling, do you imagine it would have put the Bank in a state of perfect security?—I should conceive that it would clearly have made no difference as to the quantity of their Cash. I do not understand whether it is meant, in this question, to assume, that if three millions of Government debt had been paid, the Bank were to suppress in consequence three millions of Notes. If they had taken occasion, at the time of this repayment, to make such a suppression, I conceive, as I have before explained, that they would prejudice essentially all commercial credit, and create a distress as well as an alarm, which would be likely to increase the run upon them for Guineas; but if, on the other hand, they should grant to the commercial world in equal quantity of discounts, that the Bank would then be in much the same circumstances in which they stood antecedent to such repayment.

Jovis, 6^o die Aprilis, 1797.

Thomas Irving, Esquire; called in, and further Examined.

CAN you inform the Committee, the amount of goods exported from this country, on the account of Government, either for the clothing, or provisions for the troops in foreign parts, or for any other purposes?—In my official capacity I have no knowledge of the subject; but I believe it is generally understood that goods, such as clothing for the army, provisions, &c. when exported in transports, or other Government vessels, are not entered at the Custom-house. I should think the executive officers of the Customs could give an answer to this question.

T. Irving, Esq.

6 April,
1797.

In stating the sum of “6,500,000*l.* as the average of the annual balance of trade in favour of Great Britain,” upon what general principle have you proceeded, as applied to the consideration of our Fisheries, and our trade to the East and West Indies?—In determining upon a question of so much intricacy, as the state of the balance of trade, men will reason differently in trying the question, and different results will in consequence be drawn; I was therefore extremely desirous, through the whole of my former evidence, to explain the principles upon which I proceeded. I have felt myself more particularly anxious, because I was to answer questions of great national importance, some of which had strong political tendencies, and therefore, as an Officer of the Crown, I felt myself as standing in a peculiar delicate situation. I stated, in the former part of my evidence, that if the general principle of stating the excess of the import over the export, or *vice versa*, were applied to ascertain the general balance of trade of this country in general, the principle would be erroneous: and I stated, as a case in point, the produce of our Fisheries, which appear as an import in the books of the Inspector General, and consequently as an unfavourable balance: whereas the produce of these Fisheries appear to me as a positive profit to this country. In like manner I stated, that though the importations from the East and West Indies exceeded the exportation; yet, so far from considering the difference against the balance of the country, I was of opinion, for the reasons there stated, that there was an accession of property accruing to this country from these two great branches of the Empire, to the amount of

T. Irving, Esq.

6 April,
1797.

upwards of four millions annually; but I never meant it should be understood that the produce of territorial revenues, the remittance of the fortunes of individuals, the remittances from the West Indies for the support of families, either wholly or occasionally resident here, or for the payment of interest, or loans made on West India estates, &c. should be considered as commercial balances; though the whole, or nearly the whole, was remitted in merchandize, the surplus of which merchandize, after supplying the home consumption, formed a part of the exports to other countries, upon which the general balance was struck; I therefore, in striking the commercial balance, the result of which, in favour of this country, I gave it as my opinion, amounted to upwards of 6,500,000 *l.* I did not include the trade of the East or West Indies, or even of Africa, because I considered the latter as forming a part of the circuitous trade of the West Indies. I therefore stated the importations from all other countries, as a charge against the exportations to those countries; and I endeavoured, to the best of my judgment, to correct what appeared to me as the erroneous estimates in the books of the Inspector General, as well with respect to the import as the export, and of the articles, such as coffee, which were over-rated, as those which appear to be under-rated; and the difference between the export and the import, was what I conceived to be the balance of trade. I wish to observe to the Committee, that the opinions which I have offered, both in this and the former part of my examination, are the result of a close investigation, which I had occasion to make some months ago, relative to commercial balances, and that it would not have been in my power to have entered into those explanations, given on this occasion, with so much accuracy, as I trust I have done, if I had not previously considered the subject.

Henry Thornton, Esquire, a Member of the House; called in, and further Examined.

H. Thornton, Esq.

SINCE your last examination, have you received any further information respecting the quantity of Notes, or of Cash, circulated in the country?—I have, from Scotland. I am assured that the Notes now in circulation there, are very much the same as they have been for six months past, and that the amount of the Gold in the possession of the Banks may be computed to be much the same also; consequently, it is presumed, that about 60,000 *l.* of Gold which has been lately drawn from the Banks there, and which is about the same sum which the Banks have drawn from London, is not now in circulation there, but is hoarded through fear. The amount of the Paper circulation in Scotland, is computed to be from about 1,200,000 *l.* to 1,500,000 *l.*, and the quantity of Guineas usually circulated, is computed to be not more than 50,000 *l.* Seven eights of the Notes is said to be twenty and twenty-one shilling Notes: five shilling Notes have also been lately issued, which are in very great demand, and it is said to be hoped, that the time of their legal circulation may be extended.

In your former examination, you stated some differences between the situations of the Bank of England, and the Country Banker; are there any others, which suggest themselves to your mind; and also, are there any differences between the situations of the Bank of England and of a Banker in the metropolis, or elsewhere, who does not issue "Notes payable on demand?"—There is one very obvious and important difference between the case of a Country Banker and that of the Bank of England, to which the existence of the Bank of England itself gives rise. When a Country Banker is in want of Guineas, provided he has no supply of Guineas in the neighbourhood, which in times of alarm will often be the case, he is sure of a resource in the Bank of England: he has only to write to the Banking-house in London with whom he does his business, and to desire that they will send him such quantities of Guineas as he wants by the return of the mail coach: the Country Banker, therefore, has only to provide himself, either with a credit with his London correspondent, or with effects in his hands, or with some kind of property, such as Stocks, Exchequer Bills, or discountable Bills, quickly convertible into Bank Notes, and he may then consider himself as secure of having as many Guineas as his occasions may require. I here assume, that the Bank of England makes payments of Cash as usual. In case the Bank of England should fail in its Cash payments, I would here also remark, that a Country Bank, by suspending its Cash payments, suffers little or no discredit; and, as it appears from the circumstances of the present times, is in no respect very particularly distressed: on the contrary, when the Guineas of the Bank of England are nearly exhausted, it has no repository of Cash, as the Country Banks have, to which it can resort. I apprehend, that there is no quarter to which it can apply, nor any means which it can use, so as to obtain a considerable supply of Guineas, and that its best, and perhaps its only chance of again attracting Guineas to itself, is by strengthening general credit. It may, no doubt, contribute to a favourable balance of trade, and remotely therefore to an accumulation of Guineas in its own coffers, by lending a general aid to commerce; and it may also, more directly and immediately, promote the return of Guineas into its coffers in a time of alarm, by endeavouring to diminish that alarm; which I conceive it may do to a certain degree, and in certain cases, by a considerable increase, rather than by a diminution, of its Bank Notes: I apprehend this is a very important point, in which the Bank of England differs both from a Country Bank, and from every private Bank.

William Lushington, Esquire, a Member of the House; called in, and Examined.

W. Lushington, Esq.

WERE you Chairman of a Committee of Merchants of London, held at the London Tavern on the 16th of March 1797?—I was,

How

How was that meeting summoned, and of what description of persons was it composed? —The meeting was not called by public advertisement, from an apprehension that it would be too numerous for the proper transaction of business. The first meeting was in September, and was produced by private notes to about sixty respectable Gentlemen in the mercantile line. At that meeting the Committee was appointed, and a deputation from that Committee had conferences, at different times, both with the Minister and the Bank of England, for the purpose of obtaining mercantile discounts on a more enlarged scale. When the object for which the meeting was called, was obtained, the Committee were desired to consider themselves as a Standing Committee for the purpose of watching the fluctuations of the money market, as far as it might affect mercantile men. The Committee renewed its meetings immediately after the Order of Council on the 26th of February; and at length certain resolutions, which I have in my hand, were passed on the 16th, 24th, and 31st of March 1797; which I beg leave to deliver in to the Committee.

W. Lushington, Esq.

6 April,
1797.

Upon what ground did the Committee come to the resolution on the 24th of March, importing, "that the capital employed in the export and import trade of Great Britain, exclusive of the internal consumption of the country, amounted, upon an average of the last six years, to 45 millions per annum?"—That opinion was founded on a statement of the annual exports and imports from the year 1790 to 1797; the year 1793 being omitted, as the year when the war commenced, and therefore not conceived as a proper criterion. The six years on which the average is taken include three years previous to the war, and three years subsequent to the year 1793, when the war commenced; and, as I am informed, the said statement was provided by Mr. Irving.

Upon what ground did the Committee form their opinion, "that there was, at all times, at least two months supply of export and import merchandize in the custody of the merchants and factors?"—Upon the reasons stated in the second resolution of the 24th of March.

Were the resolutions of the 24th of March communicated to the Bank Directors?—They were.

Has any arrangement taken place between the merchants and the Bank, in consequence of those resolutions?—The Bank were extremely liberal in their communications on the subject; but declared that they could not commit themselves to apply any specific sum to mercantile discount, but that they were perfectly apprized of the extended commercial system of the country, and consequently, that the merchants must naturally and necessarily require a larger discount from that circumstance; and that it was both their inclination and their interest to extend that accommodation in all cases where Bills of a proper description were offered; and that when Government had paid off a considerable portion of the debt, which they owed to the Bank, they should have a greater latitude, and feel strongly inclined to avail themselves of it in favour of the merchants.

Veneris, 7^o die Aprilis 1797.

Thomas Raikes, Esquire, now Governor of the Bank, Daniel Giles, Esquire, and Samuel Bosanquet, Esquire; called in, and further Examined.

IS it your opinion, that the manner in which a supply was remitted to the Emperor last year, tended, in any degree, to palliate the evil consequences which the Bank had apprehended might result from an open loan of the same amount; particularly, is it your opinion, that the secrecy of the transaction, and the supply being remitted cautiously and gradually in small sums, had a tendency, in some degree, to prevent those evil consequences?—I have no hesitation to say, that I think an open loan for the Emperor would have given occasion for a great deal of operation on the Course of Exchange, which would have produced much worse effects for this country than the remitting of the Money, in the silent and gradual way in which it was done, did cause.

Mr. Raikes.

I concur in that opinion.

Mr. Bosanquet.

I also concur in the same opinion.

Mr. Giles.

If the Governor of the Bank had been made acquainted with the circumstance of such remittances being likely to take place, would he not have objected to them?—The Governor of the Bank would probably have carried up a representation from the Court of Directors upon the subject, as was done on many occasions; but it was not our duty to object to the measures of State.

Mr. Raikes.

Do you mean, that the representation would have contained an approval or disapproval of such measure?—I suppose it would have been in the same style as those which have been laid before this Committee.

When you say, "that a similar representation would probably have been made," do you say this on the supposition of a loan to the same amount having been in contemplation to be negotiated openly, and in the common manner; or do you conceive a similar representation would have been made if the Bank could have been made acquainted with the peculiar circumstances of that loan, and with the peculiar manner of its remittance, and if

Mr. Raikes.

7 April,
1797.

you had been sure that such transaction could not transpire?—We should, in my opinion, have made representations against any remittances, in however private a manner made; from an apprehension, that the natural effect of such remittances would have been the lowering of the Exchange against this country.

Mr. Giles.

I concur in that opinion.

Mr. Bosanquet.

I also concur in the same opinion.

Mr. Raikes.

According to the best of your judgment, were the bad effects of the remittances, in the peculiar and secret manner in which they were made, less important, in point of fact, than previously to the event you would have conceived probable?—It is a difficult question to answer precisely; but I think the effects of the remittances were less injurious by being unknown. Though many other articles pressed upon the Exchange in the course of last year, such as the remittances for corn imported; the remittances for the neutral cargoes; and the great advance in the price of naval stores from Russia.

Mr. Giles.

I think the mode of remitting privately to the Emperor was less injurious than the making of any public loan; but the remittances had the same effect, in my opinion, as I should have apprehended if I had previously known it. Neither do I think they were private, for I was well aware that some had been made; and I expressed the same thing to the Chancellor of the Exchequer, who, though he did not say it was so, confirmed me still that remittances had been made.

When was it that you were first aware that remittances had been made?—To the best of my recollection it was about July.

Did you derive your knowledge from public notoriety of the fact, or from private information?—I believe both.

Did any thing pass between you and the Chancellor of the Exchequer, as to the mode of making those remittances?—I believe I expressed myself to the Chancellor of the Exchequer, that they had been done in as good a manner as they could have been.

Did you, by that answer, mean to approve of the remittances?—I had rather they had not been made.

Assuming that the interest of the Public, in matters of State, required that remittances should be made to the Emperor, is it the opinion of the late Governor of the Bank, or of the present Governor, or of Mr. Bosanquet, that remittances could have been made in any manner less objectionable with regard to the ease and interest of the Bank, than the secret and private manner, as far as it was such, in which the remittances they have last spoken of were actually made?—I believe not.

*Mr. Raikes and
Mr. Bosanquet.*

Concur in that opinion.

Mr. Giles.

Is it within the knowledge of the Gentlemen mentioned in the last question respectively, whether any considerable quantities of Coin, or Specie, or Bullion, Gold or Silver, has been in the possession of persons resident in this country, within the last four years, and which have been offered for sale to the Bank, or to others, and have not been purchased by the Bank?—I think not much Gold; the uniform price for the last four years which we have given, has been 3*l.* 17*s.* 6*d.* per ounce, and much the greater quantity of what we have bought, was produced out of cut Guineas: I think very little Gold has come within the last four years, compared to what has come formerly. Respecting Silver, we bought the Saint Jago prize, and Silver then was as low as 4*s.* 10½*d.* per ounce. The Bank has sometimes refused purchasing parcels offered, because they thought it was wanted for the Continent; and the Public had better send that, as it would operate more in favour of the Exchanges, than if they had remitted Bills.

*Mr. Raikes and
Mr. Bosanquet.*

Concur in that opinion; and Mr. Bosanquet adds, that the Bank is always an open market for the purchase of Gold and Silver; and they never abstain from purchasing, except when they conceive that the wants of the Public must necessarily be supplied; and if they purchased at those times, it would only be to raise the price upon themselves, and useless, because the Public wants, whether for manufacture or for foreign export, to regulate the Course of Exchange, must be supplied at any rate.

Mr. Giles.

From what countries was Gold formerly principally imported?—Chiefly from Portugal; but within these four or five years I have known Gold go from this country to Portugal in pretty large quantities.

What do you apprehend to be the reason of the difference?—I think the war, and the balance of trade with Portugal being so much against this country.

Mr. Bosanquet.

I think owing to a variety of causes, which have prevented the Gold coming from the Brazils to Lisbon; and one of those causes which I have heard assigned, has been the high price of cotton in Europe, which occasioned large remittances in Specie from Lisbon to the Brazils, and of course a scarcity of Specie in Portugal. There may have been other causes, which I am not able to assign.

Mr. Raikes.

The increased consumption of port wine in this country has very much influenced the Exchange with Portugal against this country, and prevented the Gold coming here from thence, which might probably have been brought.

What

What has been the highest price at which the Bank has purchased Gold and Bullion?—The Bank made a little experiment in bringing a small quantity of Gold Coin from Lisbon, which stood them in 4*l.* 6*s.* an ounce, but which they sold again the best part of it at 4*l.* 4*s.* an ounce, to the West Indies. I recollect that in the year 1772, the Bank bought some Gold, which stood them in 4*l.* 1*s.* or 4*l.* 2*s.* an ounce.

Mr. Giles.

Martis, 11^o die Aprilis, 1797.

A MEMBER present delivered in to the Committee a letter from Mr. J. Houghton to Mr. Thomas Atkinson, dated Huddersfield, the 6th of April 1797; and the following extract was read therefrom.

“As to the circulation of Bankers Notes for Five Guineas, Messrs. Brook, Dobson, and Dyson (who are the principal persons for circulating them in this place) are quite unanimous, that there are not more than *half* the quantity in circulation there were, though all our Banks in the West Riding (Knaresbro’ excepted) are in very good credit; nor have we any quantity of the Northern Bankers Notes, or the Hull or East Riding Notes, we had two years ago. There are also very few Wakefield Notes in circulation here; whether this may be owing to the decrease in the demand from the merchants, who have not occasion for such quantities in business, or from the farming part of the community, who, by their eagerness to hoard up Cash, have made the Banks more cautious in issuing to the usual extent, cannot say.”

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APPENDIX.

Appendix, N° 1.

VALUE of Foreign Gold, and also of English Coin, purchased annually, from
1st January 1790 to 31st December 1796.

Appendix,
N° 1.

	Foreign Gold.	English Coin.
	£.	£.
1790 - - - - -	950,210	1,069,240
1791 - - - - -	1,414,810	919,820
1792 - - - - -	117,480	668,640
1793 - - - - -	2,611,910	745,720
1794 - - - - -	928,340	436,760
1795 - - - - -	219,190	269,520
1796 - - - - -	58,090	231,850

Appendix, N° 2.

AN ACCOUNT of Specie forwarded to Dublin, by Messrs. Puget and Bainbridge, of London.

Appendix,
N° 2.

In 1794:	£.	s.	d.	In 1796:	£.	s.	d.
To the Bank of Ireland, and on private Accounts -	301,480	-	-	To the Bank of Ireland -	206,145	15	-
On account of Loan for 500,000 <i>l.</i> -	63,000	-	-	Balance of Lords of the Treasury of Ireland on the Paymasters General -	1,970	-	-
	£. 364,480	-	-		£. 208,115	15	-
In 1795:				In 1797:			
To the Bank of Ireland, and on private Accounts -	213,265	-	-	To the Bank of Ireland, and on private Accounts -	76,244	14	-
Account Treasury Warrant for 100,000 <i>l.</i> -	55,630	-	-	For Bills drawn by the Lords of the Treasury of Ireland on Paymasters General -	88,670	11	6
For Bills drawn by the Lords of the Treasury of Ireland on Paymasters General of His Majesty's Forces -	68,010	13	-	From the English to the Irish Government -	52,500	-	-
On account of Loan for 1,100,000 <i>l.</i> -	828,247	4	6	On account of Loan for 300,000 <i>l.</i> -	75,600	-	-
	£. 1,165,172	17	6		£. 293,015	5	6

Mr. Puget, on inspection of his House's Books, finds that the Loan for 500,000*l.* in 1794, was taken and transmitted to Ireland, (except the 63,000*l.* above mentioned,) by Robert Shaw, esq. of Dublin; and who must have sent at least half of it in Specie.

In 1795 and 1796, there was reserved in this country 100,000*l.* in each year, for the payment of Interest on the Irish Loan, otherwise the sums to be transmitted would be about 300,000*l.*, as stated by Mr. Puget.

Appendix,
N° 3.

Appendix, N° 3.

Note of Dollars, Louis d'Or and Foreign Bullion, shipped for Account of the Imperial Government.

	Dollars.	Louis d'Or.	BULLION.			£.	s.	d.
1794.	Ounces.							
September - 9.	43,325	-	-	-	-	-	-	-
October - 10.	156,508	-	-	-	-	-	-	-
1795.								
July - 21.	910,000	-	-	-	-	-	-	-
—	1,000,000	20,000	-	-	-	-	-	-
October - 31.	650,000	32,470	{ 29,000 Ounces, French Crowns	-	-	-	-	-
			{ 3,554 Ditto - Gold in Bars	-	-	-	-	-
			{ 90,049 Ditto - Silver in D°	-	-	-	-	-
December - 4.	821,143	6,005	{ 22,000 Ounces, French Crowns	-	-	-	-	-
			{ 510 Ditto - Imperial D°	-	-	-	-	-
			{ 1,950 Ditto - Gold in Bars	-	-	-	-	-
- 28.	19,000	5,619	{ 5,500 Ounces, French Crowns	-	-	-	-	-
			{ 2,209 Ditto - Gold in Bars	-	-	-	-	-
1796.								
February - 1.	233,610	4,917	{ 2,000 Ounces, French Crowns	-	-	-	-	-
			{ 4,966 Dutch Ducats	-	-	-	-	-
- 11.	56,000	1,755	{ 1,472 Ounces, Gold in Bars	-	-	-	-	-
			{ 53,872 Ditto - Silver in D°	-	-	-	-	-
	3,889,586	70,766						
					£.			
						1,192,120	13	10

Appendix, No. 4.

AMOUNT of Freights and Expenses reported by the Registrar and Merchants to be due to the Neutral Owners of captured Ships.

Appendix,
N° 4.

Ships:	£.	Ships:	£.
3 - - June - - 1794 - -	2,548	27 - - December 1795 - -	15,985
10 - - July - - - - -	9,802	24 - - January - 1796 - -	14,099
2 - - August - - - - -	2,592	42 - - February - - - - -	22,634
26 - - September - - - -	17,063	47 - - March - - - - -	19,859
20 - - October - - - - -	14,121	39 - - April - - - - -	23,473
23 - - November - - - - -	17,003	40 - - May - - - - -	16,313
16 - - December - - - - -	9,394	28 - - June - - - - -	15,755
25 - - January - 1795 - -	15,619	17 - - July - - - - -	14,841
12 - - February - - - - -	6,373	14 - - August - - - - -	12,570
24 - - March - - - - -	9,809	14 - - September - - - - -	14,540
16 - - April - - - - -	6,027	12 - - October - - - - -	7,288
34 - - May - - - - -	16,439	5 - - November - - - - -	3,566
24 - - June - - - - -	11,937	9 - - December - - - - -	6,926
36 - - July - - - - -	28,788	10 - - January - 1797 - -	6,320
19 - - August - - - - -	22,837	4 - - February - - - - -	2,485
36 - - September - - - - -	34,262		
40 - - October - - - - -	32,289		
35 - - November - - - - -	32,057		
		733	£. 485,614

733 Freights and Expenses - - - - - £. 485,614

449 Cargoes - - - - - 1,391,174

£. 1,876,788

These are the sums reported to be due to the Neutrals by the registrar and merchants. But it is to be observed, as in a very great number of the Cargoes, as well as of the freights, they have reported very considerably less to be due, than is claimed by the proprietors (because, from all the information they have been able to procure, they are of opinion, that such accounts have been much over-charged); that the claimants have appealed to the Lords of Appeal, where the causes are still depending, none having been yet determined. If the Lords should be of opinion that the proprietors have made good their claims, and that the merchants have been mistaken or misinformed, it will swell very considerably the sum total of this account.

There may be yet above 40 freights and expenses, and above 300 cargoes to report on.

18th March 1797.

Value of Neutral Cargoes, reported by the Registrar and Merchants to be due to the Proprietors or Claimants.

	£.		£.
3 Reported December 1794 -	3,433	8 Reported March 1796 - -	14,559
7 - - - { January February and March } 1795 -	9,806	5 - - - April - - - -	27,802
2 - - - April - - - -	3,083	3 - - - May - - - -	7,750
1 - - - May - - - -	1,464	10 - - - June - - - -	12,546
3 - - - June - - - -	9,006	13 - - - July - - - -	27,691
14 - - - July - - - -	32,763	5 - - - August - - - -	26,253
33 - - - August - - - -	108,575	19 - - - September - - -	46,089
35 - - - September - - -	121,079	18 - - - October - - - -	47,730
62 - - - October - - - -	240,104	25 - - - November - - -	84,555
56 - - - November - - -	175,601	16 - - - December - - -	51,799
36 - - - December - - -	118,288	17 - - - January 1797 -	63,526
26 - - - January - 1796 -	74,347	9 - - - February - - -	25,814
15 - - - February - - -	31,883	8 - - - to 15th March -	25,628
		449	£. 1,391,174

Appendix, N° 5.

Appendix,
N° 5.

AN ACCOUNT of the Total Sums paid by the Right honourable the Lords Commissioners of His Majesty's Treasury, in each Month, for the Foreign Corn and Flour purchased by Claude Scott, by order and for account of Government; amounting in the whole to 1,031,369*l.* 9*s.* 1*d.*

1793:	£.	s.	d.	1795:	£.	s.	d.
February - Paid this Month	53,517	12	2	October - - - -	27,328	8	10
March - - - -	70,746	6	3	November - - - -	4,999	18	9
April - - - -	70,837	7	3	December - - - -	6,496	19	5
May - - - -	92,043	11	2				
June - - - -	70,115	15	-	1796:			
July - - - -	86,968	3	5	January - - - -	6,601	4	-
August - - - -	60,127	13	1	February - - - -	39,190	-	2
September - - - -	36,152	18	11	March - - - -	35,632	7	9
October - - - -	48,916	15	4	April - - - -	24,164	6	7
November - - - -	17,543	13	-	May - - - -	17,855	5	-
December - - - -	4,288	10	8	June - - - -	7,357	11	3
				July - - - -	2,027	10	7
1794:				August - - - -	6,518	10	7
February - - - -	5	13	7	September - - - -	5,207	17	6
				October - - - -	2,352	5	6
1795:				November - - - -	250	-	-
February - - - -	50	-	-	December - - - -	705	2	3
March - - - -	1,600	-	-				
April - - - -	9,639	8	-	1797:			
May - - - -	12,485	-	-	February - - - -	302	3	-
June - - - -	18,682	18	9				
July - - - -	68,448	3	7				
August - - - -	63,450	8	7				
September - - - -	58,759	19	2				
					£.	1,031,369	9 1

AN ACCOUNT of the Monthly Totals, paid also by the Right Honourable the Lords Commissioners of his Majesty's Treasury, for the Neutral Cargoes, drawn for by Claude Scott; amounting in the whole to 321,930*l.* 11*s.* 9*d.*

1795:	£.	s.	d.
October - - Paid this month	22,569	4	8
November - - - -	27,510	-	5
December - - - -	59,978	7	10
1796:			
January - - - -	86,565	13	7
February - - - -	83,198	15	-
March - - - -	42,108	10	3
	£.	321,930	11 9

March 20, 1797.

Claude Scott.

Appendix, N° 6.

Appendix,
N° 6.

AN ACCOUNT of the Quantity of Foreign Coin and Bullion exported from Great Britain, between the 5th January 1783 and the 5th January 1797; distinguishing each Year, and the Gold from the Silver.

	SILVER.		GOLD.	
	Oss.	dwt.	Oss.	dwt.
1783	2,808,333	10	37,035	0
1784	2,497,983	10	1,892	0
1785	2,601,391	16	516	18
1786	5,335,200	0	3,407	10
1787	3,838,433	10	116,611	0
1788	2,460,777	10	9,160	0
1789	2,876,765	8	70	0
1790	5,858,987	4	14,771	0
1791	5,115,145	6	81,262	14
1792	7,031,410	0	85,283	0
1793	1,082,149	0	17,498	0
1794	3,127,313	10	14,766	0
1795	1,764,914	8	32,600	13
1796	920,234	14	20,116	16

Inspector General's Office,
Custom-house, London, March 21st 1797.

Thomas Irving,
Inspector General of the Imports and Exports
of Great Britain and the British Colonies.

Appendix, N° 7.

AN ACCOUNT of the Quantity of Bullion exported in the Years 1790, 1791, 1792, 1793, 1794, 1795, and 1796; distinguishing the Countries to which exported.

	1790:				1791:				1792:			
	GOLD.		SILVER.		GOLD.		SILVER.		GOLD.		SILVER.	
	Ozs.	dwt.	Ozs.	dwt.	Ozs.	dwt.	Ozs.	dwt.	Ozs.	dwt.	Ozs.	dwt.
Denmark	—	—	—	—	—	—	—	—	—	—	—	—
Russia	—	—	400	0	—	—	—	—	—	—	—	—
Sweden	—	—	100,000	0	—	—	50,196	0	—	—	12,000	0
Germany	—	—	15,166	0	—	—	—	—	—	—	—	—
Holland	—	—	1,334,312	10	—	—	224,500	0	3,432	0	1,192,663	0
Flanders	—	—	—	—	—	—	6,819	0	—	—	118,126	0
France	12,561	10	613,667	—	6,546	15	586,498	0	18,150	0	2,909,886	0
Portugal	—	—	—	—	55,264	0	—	—	18,174	0	27,500	0
Madeira	—	—	—	—	—	—	—	—	3,715	3	50,000	0
Spain	—	—	—	—	—	—	—	—	—	—	—	—
Italy	—	—	—	—	—	—	—	—	—	—	—	—
Isle of Guernsey	—	—	—	—	—	—	—	—	—	—	—	—
States of America	2,209	10	55,172	14	—	—	863	0	109	0	2,091	0
British Colonies	—	—	—	—	—	—	20,000	0	—	—	—	—
West Indies	—	—	151,338	10	19,451	19	95,999	16	37,702	17	119,157	0
East Indies	—	—	3,588,065	10	—	—	4,148,279	10	4,000	0	2,595,737	0
Africa	—	—	866	0	—	—	1,990	0	—	—	4,250	0
Total	14,771	0	5,858,988	4	81,262	15	5,135,145	6	85,283	0	7,031,410	0
	1793:				1794:				1795:			
	GOLD.		SILVER.		GOLD.		SILVER.		GOLD.		SILVER.	
	Ozs.	dwt.	Ozs.	dwt.	Ozs.	dwt.	Ozs.	dwt.	Ozs.	dwt.	Ozs.	dwt.
Denmark	—	—	—	—	—	—	14,000	0	—	—	—	—
Russia	—	—	—	—	—	—	—	—	—	—	21,300	0
Sweden	—	—	—	—	—	—	95,866	0	—	—	48,900	0
Germany	—	—	12	0	—	—	96,980	0	31,069	13	1,239,882	18
Holland	89	0	140,014	0	7,734	0	2,646,466	0	—	—	—	—
Flanders	—	—	25,000	0	—	—	62,108	0	—	—	—	—
France	12,600	0	410,000	0	—	—	—	—	—	—	—	—
Portugal	—	—	—	—	—	—	—	—	—	—	—	—
Madeira	—	—	—	—	—	—	—	—	—	—	1,129	0
Spain	—	—	—	—	—	—	—	—	—	—	—	—
Italy	—	—	—	—	—	—	—	—	—	—	190,000	0
Isle of Guernsey	—	—	—	—	—	—	—	—	—	—	—	—
States of America	—	—	44,506	0	—	—	—	—	—	—	11,208	10
British Colonies	—	—	—	—	—	—	—	—	—	—	—	—
West Indies	4,809	0	17,540	0	7,032	0	21,500	0	1,540	0	—	—
East Indies	—	—	445,077	0	—	—	187,759	10	—	—	252,494	0
Africa	—	—	—	—	—	—	2,636	0	—	—	—	—
Total	17,498	0	1,082,149	0	14,766	0	3,127,315	10	32,609	13	1,764,914	8
	1796:											
	GOLD.		SILVER.									
	Ozs.	dwt.	Ozs.	dwt.								
Denmark	—	—	—	—								
Russia	—	—	14,400	0								
Sweden	—	—	—	—								
Germany	4,119	4	706,757	0								
Holland	—	—	—	—								
Flanders	—	—	—	—								
France	—	—	—	—								
Portugal	—	—	29,532	0								
Madeira	—	—	—	—								
Spain	1,271	0	1,000	0								
Italy	—	—	—	—								
Isle of Guernsey	300	0	700	0								
States of America	174	12	65,749	4								
British Colonies	—	—	—	—								
West Indies	4,252	0	10,000	0								
East Indies	—	—	102,036	0								
Africa	—	—	—	—								
Total	10,116	16	930,234	14								

Thomas Irving,

Inspector General of the Imports and Exports of
Great Britain and the British Colonies.

Inspector General's Office,
Custom-house, London, March 29th 1797.

Appendix,
N° 8.

Appendix, N° 8.

AN ACCOUNT of the Total Value of the Imports into and Exports from Great Britain, in the last Twenty Years; distinguishing each Year, and distinguishing the British from the Foreign Merchandise exported.

Value of Imports, exclusive of East Indies and China.	Value of Imports from East Indies and China.			TOTAL Value Imported.			Y E A R S.			Value of British Manufactures Exported.			Value of Foreign Merchandise Exported.			TOTAL Value of Exports.		
£. s. d.	£.	s.	d.	£.	s.	d.				£.	s.	d.	£.	s.	d.	£.	s.	d.
10,809,612 12 11	1,834,221 14 9			12,643,834 7 8			-	-	1777	9,300,266 10 4			4,190,763 9 6			13,491,029 19 10		
9,449,402 10 5	1,526,130 10 7			10,975,533 1 -			-	-	1778	8,207,503 8 10			4,046,392 4 1			12,353,895 12 11		
10,718,940 3 7	716,323 9 10			11,435,263 13 5			-	-	1779	7,648,286 - 10			5,890,289 3 7			13,538,575 4 5		
9,841,513 18 2	970,726 9 7			10,812,240 7 9			-	-	1780	8,813,690 12 5			3,834,925 8 9			12,648,616 1 2		
10,197,274 13 11	2,526,339 2 2			12,723,613 16 1			-	-	1781	7,633,332 12 5			3,708,963 16 3			11,342,296 8 8		
9,715,509 6 11	626,319 8 5			10,341,828 15 4			-	-	1782	9,109,561 1 1			3,907,829 12 6			13,017,390 13 7		
11,820,739 14 3	1,301,495 13 3			13,122,235 7 6			-	-	1783	10,409,713 3 5			5,058,574 11 6			15,468,387 14 11		
12,276,224 18 -	2,996,652 2 11			15,272,877 - 11			-	-	1784	11,887,628 7 8			3,846,434 8 1			15,734,062 15 9		
13,575,458 7 5	2,703,940 14 1			16,279,399 1 6			-	-	1785	10,974,814 12 5			5,142,834 12 7			16,117,649 12 -		
12,629,385 6 10	3,156,687 - 7			15,786,072 7 5			-	-	1786	11,830,194 19 8			4,470,535 12 9			16,300,730 12 5		
14,373,156 15 7	3,430,868 - 6			17,804,024 16 1			-	-	1787	12,024,224 3 2			4,815,890 2 5			16,870,114 5 7		
14,573,390 17 9	3,453,897 3 5			18,027,188 1 2			-	-	1788	12,774,612 7 1			4,747,796 - 6			17,472,408 7 7		
14,461,954 9 2	3,359,148 1 5			17,821,102 10 7			-	-	1789	13,779,506 2 6			5,561,042 14 5			19,340,548 16 11		
18,298,816 11 11	832,069 13 4			19,130,886 5 3			-	-	1790	14,921,084 9 7			5,199,037 7 11			20,120,121 17 6		
15,971,069 - 7	3,698,713 13 -			19,669,782 13 7			-	-	1791	16,810,018 16 4			5,921,976 10 11			22,731,995 7 3		
16,957,810 17 3	2,701,547 9 4			19,659,358 6 7			-	-	1792	18,368,851 6 11			6,568,348 16 6			24,905,200 3 5		
15,757,693 16 10	3,499,023 12 10			19,256,717 9 8			-	-	1793	13,892,268 17 7			6,497,911 9 3			20,390,180 6 10		
17,830,418 19 -	4,438,475 1 5			22,288,894 - 5			-	-	1794	16,725,402 16 2			10,023,564 19 3			26,748,967 15 5		
16,976,179 1 8	5,760,710 8 3			22,736,889 9 11			-	-	1795	16,527,213 2 2			10,785,125 15 2			27,312,338 17 4		
19,800,957 - 5	- - -			- - -			-	-	1796	19,106,444 17 5			11,317,740 - 8			30,424,184 18 1		

Thomas Irving,
Inspector General of the Imports and Exports of
Great Britain and the British Colonies.

Inspector General's Office,
Custom-house, London,
March 27th 1797.

N.B.--From the manner in which the East India Importations are entered at the Custom-house, no Account can be given of the Value of the Imports from India and China sooner than five or six months after the termination of the year; but in order to preserve the comparative view, the Inspector General has distinguished the Amount of the Imports of the East India Company in all the years preceding 1796, from the Importations from all other Parts.

Appendix, N^o. 9.

COPIES of Communications between the Directors of the Bank and the Chancellor of the Exchequer.

Appendix,
N^o. 9.

No. 1. Copy of a Resolution of the Court of Directors, the 15th January 1795.

THAT the Governor and Deputy Governor do take an early opportunity of informing the Chancellor of the Exchequer, that the Court of Directors, desirous at all times to give every assistance and accommodation to the public service, think it proper at the present period, when a loan, under the guarantee of this country, for a foreign State, of the large amount of six millions sterling, and also one for our own national wants of eighteen millions sterling, are about to be raised, to bring to his consideration, that it is their wish that he would settle his arrangements of finances for the present year in such a manner as not to depend on any further assistance from them beyond what is already agreed for; and particularly, that the stipulation for the future advances to be made by them, if necessary, for payment of Treasury Bills of Exchange, be strictly adhered to, as they cannot allow that advance at any time to exceed the sum of five hundred thousand pounds.

No. 2. In a Court of Directors, on the 16th April 1795.

THE Governor and Deputy Governor were directed by the Court to wait upon the Chancellor of the Exchequer, and to mention to him the uneasiness which they have felt on being left, during so long a period, in an advance of one and a half, to upwards of two millions of Money, for the Bills accepted by the Treasury. That this mode of paying the Treasury Bills in advance was never meant to be carried to any great extent, at the most to 500,000*l.*, and that only as a temporary accommodation.

The Chancellor of the Exchequer did promise to the Governor and Deputy Governor in December last, and particularly in a conversation on the 17th of January, that the amount of these Bills paid at the Bank, then exceeding the sum of 500,000*l.*, should certainly be paid off after the receipt of the first payment on the new loan; which promise hath not yet taken place. The Court have therefore come to a Resolution, that they cannot in future allow of any disburse on this account, exceeding the sum of 500,000*l.*: and they do request, that the Chancellor of the Exchequer will be pleased to order the same to be paid.

No. 3. Copy of a Note from the Governor and Deputy Governor, to the Chancellor of the Exchequer.

Bank, 5th June 1795.

THE Governor and Deputy Governor of the Bank present their respectful compliments to Mr. Pitt: and take the liberty of stating to him, that though he ~~was~~ pleased to promise, the last time they had the honour of an interview, that the amount of the Treasury Bills paid by the Bank should immediately be reduced to the sum of 500,000*l.* (beyond which sum, by a Resolution of the Court, it was not to pass); the Bank are now in advance on that account 1,210,015*l.* 17*s.* 5*d.*, and before the end of next week it will be increased to 1,658,467*l.* They at the same time beg to express their concern at being so repeatedly obliged to trouble him on the subject; hoping he will give such directions as may in future prevent it.

The Right Honourable William Pitt,
&c. &c. &c.

No. 4. Resolution of the Court of Directors on the 30th July 1795.

Resolved, THAT the Governor and Deputy Governor of the Bank be desired to inform the Chancellor of the Exchequer, That it is the request of this Court, that he will either adopt some other mode of paying the Treasury Bills of Exchange, than by directing them for payment at the Bank; or so to arrange the furnishing Money for the payment of these Bills, that the amount for which the Bank shall be in advance, shall not at any time exceed the sum of 500,000*l.*; as this Court is determined to give orders to the Cashiers, to refuse payment of all Bills whenever the advance shall amount to such sum of 500,000*l.* That previously the Court is desirous of fixing on a certain day with Mr. Pitt, when such order shall take place; but in the mean time depend on his former and repeated promise to reduce the present advance as speedily as possible.

No. 5. The Governor's Report, and Resolutions of the Court of Directors,
August 6th 1795.

THE Governor having laid before the Court a letter from the Chancellor of the Exchequer, which was received yesterday at four o'clock in the afternoon, containing a
26. M 2 request

Appendix,
N^o 8,
continued.

request for a further accommodation on the credit of the growing surplus of the Consolidated Fund;

Resolved, That the consideration of this letter be postponed; and that the Governor and Deputy Governor be desired to wait on Mr. Pitt, and inform him, that this Court cannot take his letter into consideration until it has received satisfaction respecting the repayment of the Monies already advanced for payment of Treasury Bills of Exchange, to reduce that account under the stipulated sum of 500,000*l.*, above which the Bank was never to be in advance; and until it has had sufficient security held out that it shall not be called upon to make further advances on this account in future: and that they do request Mr. Pitt to enter into full explanations on this subject, which is not even touched upon in his letter.

7th August 1795.

The Governor and Deputy Governor this day waited on Mr. Pitt, at the hour he had appointed; when the Governor first observed to him, that his letter did not arrive in time to be taken into consideration by the Committee on Wednesday; and that it was therefore of necessity laid before the Court on Thursday, without much previous consultation on it in the Committee; and the Governor then read to Mr. Pitt the following note, as containing the substance of what passed upon it in the Court:

The Governor having laid before the Court a letter received yesterday afternoon from the Chancellor of the Exchequer, containing a request for a further accommodation of two millions and a half, on the growing produce of the Consolidated Fund;

Resolved, That the consideration of this letter be postponed; and that the Governor and Deputy Governor be desired to wait on Mr. Pitt, and inform him, that this Court cannot fully take his letter into consideration until he has finally settled the arrangement notified to him last week, relative to the reduction of the amount of the Treasury Bills paid by the Bank, so that the sum advanced may never exceed 500,000*l.*; of which his letter makes not the least mention.

No. 6. Copy of a Letter from the Chancellor of the Exchequer, and Resolution of the Court of Directors.

Gentlemen,

Downing-street, August 12th 1795.

I have to request the favour of you to state to your Court, that if they think proper to afford the accommodation which I have requested in my letter of the 5th instant, by taking Exchequer Bills payable out of the growing produce of the Consolidated Fund, they may depend upon measures being immediately taken for the payment of one million of the sum they have advanced for the payment of Bills; and further payments to the amount in the whole of another million may be made in the course of September, October, and November, in such proportions as may be found convenient. But as fresh Bills may be expected to arrive, I am under the necessity of requesting that a latitude should be allowed for the payment of such Bills to an amount not exceeding one million; in addition for which sum, payment shall be provided before the end of February, or, if the Court materially prefer it, of January. In order to guard against any fresh disappointment, I beg leave to suggest, that it may be useful, if from time to time you send me notice whenever the amount advanced comes within fifty thousand pounds of the limit fixed, that warrants may be prepared without delay.

I am, &c.
(signed)

William Pitt.

Governor and Deputy Governor of the Bank.

It was resolved, That this Court do not accede to the proposal contained in the said letter. It was further resolved, That the Court do consent to Mr. Pitt's request, in his letter of the 5th instant; namely, to advance two millions five hundred thousand pounds on Exchequer Bills, on the security of the surplus of the Consolidated Fund, to be repaid as follows:

About eleven hundred thousand pounds from the produce of the quarter ending the 10th of October next; and for the remainder they are willing to wait till the ending of the quarter of the 5th April 1796.

And that the Governor and Deputy Governor be desired to inform Mr. Pitt, that the Court still adhere to their former Resolution, of insisting that the credit on the Treasury Bills be restrained to 500,000*l.*; but that the Court will wait for the repayment of one million of the Money already advanced beyond the said sum of 500,000*l.*, until the latter end of November (if it is of essential service to the Government of the country that it should do so) provided positive assurances be given, by the Chancellor of the Exchequer, that this additional million shall punctually be repaid at that time; and that in no case, if this proposition is acceded to, the Bank is to be in advance beyond one million and a half for payment of the Treasury Bills, which by the end of November are to be reduced to 500,000*l.*

The Court also request, that the Governor and Deputy Governor will express to Mr. Pitt, the earnest desire they have, that some other means may be adopted, in the next Sessions of Parliament, for the future payment of Bills of Exchange drawn on the Treasury. When the last Resolution was proposed to the Court, Mr. Winthrop moved the following amendment,

amendment, and was seconded by Mr. Simeon, to be added after the words "Consolidated Fund," and to leave out the remainder:

"Provided at least two millions of the same shall be applied to the discharge of the sum for which the Bank is now in advance, on account of Bills accepted by the Treasury; it being the intention of this Court to restrain the amount of such advance to the sum of 500,000*l.*, agreeably to their former Resolution."

The said amendment being put to the vote, was negatived; and the Resolution as first moved was carried in the affirmative.

Appendix,
N^o 9,
continued.

Interview with the Chancellor of the Exchequer.

14th August 1795.

The Governor and Deputy Governor, in compliance with the desire of the Court held yesterday, waited this day on the Chancellor of the Exchequer, to signify to him, that his letter of the 12th instant, had been duly considered; and it was resolved that the proposals which it contained could not be acceded to; and to communicate to him the further Resolution of the Court respecting his request in his letter of the 5th instant, as minuted in the book yesterday. The Governor put into his hands a copy of the two Resolutions; which Mr. Pitt read attentively; and returned soon after with a letter, written by himself, at the request of the Governor and Deputy Governor, signifying his acquiescence in the said Resolution, and promising punctually to comply with the conditions stipulated therein.

Copy of a Letter from the Chancellor of the Exchequer.

Gentlemen,

Downing-street, 14th August 1795.

I have to request the favour of you to inform your Court, that I agree to the conditions specified in their Resolution of yesterday (see the note 13th August) for the advance of two millions and a half on the credit of the Consolidated Fund, and will take care that they shall be punctually complied with. I return the paper containing the Resolution, and am, Gentlemen,

&c. &c. &c.

(signed)

William Pitt.

Governor and Deputy Governor of the Bank.

No. 7.—Copy of a written Paper delivered to the Chancellor of the Exchequer.

Bank of England, 8th October 1795.

"THE very large and continued drain of Bullion and Specie which the Bank has lately experienced, arising from the effects of the loan to the Emperor, and other subsidies, together with the prospect of the demand for Gold not appearing likely soon to cease, has excited such apprehensions in the Court of Directors, that, on the most serious deliberation, they deem it right to communicate to the Chancellor of the Exchequer the absolute necessity they conceive to exist for diminishing the sum of their present advances to Government; the last having been granted with extreme reluctance on their part, on his pressing solicitations and statement, that serious embarrassments would arise to the public service if the Bank refused.

"It must occur to Mr. Pitt's recollection, that last January the Governor and Deputy Governor of the Bank did, by instructions from their Court, formally announce to him their apprehensions of the consequences that were likely to ensue from the Emperor's loan taking place; the events seem fully to justify their fears, and to render every measure of caution absolutely necessary for their future safety.

"In addition to the above causes, it may be proper to state that large sums are likely soon to be called for by the claimants of the cargoes and freights of the neutral ships taken, and about to be reimbursed; many of whom, as they are credibly informed, are instructed by their owners and proprietors to take back their returns in Specie or Bullion.

"The present price of Gold being from 4*l.* 3*s.* to 4*l.* 4*s.* per oz. and our Guineas being to be purchased at 3*l.* 17*s.* 10½*d.* per oz. clearly demonstrates the grounds of our fears, it being only necessary to state those facts to the Chancellor of the Exchequer.

"Ever ready as the Court of Directors has been to accommodate and to give their assistance in the service of the Public, they must now express their hopes that Mr. Pitt will, on the meeting of Parliament, so arrange his plans of finance as not to depend upon the immediate advance of the duties on land and malt 1796; and that he will be pleased to provide the means of reimbursement to the Bank, conformably to his agreement, of the million on account of the Treasury Bills, and the 1,100,000*l.* part of the advance on the product of the Consolidated Fund, in case it shall not have been previously paid, and also to reimburse the remaining 1,400,000*l.* on the same product in January or February, instead of April."

No. 8.—Interview with the Chancellor of the Exchequer, 23d October 1795.

THE Governor mentioned his having heard that there might be annexed to the ensuing loan one of 1,400,000*l.* for the Emperor of Germany; and stated, that in such a case it would be highly proper for the Bank to have some intimation of it, that they might adopt

Appendix,
N° 9,
continued.

such arrangements as the measure would render absolutely necessary: the Chancellor of the Exchequer replied, That he had not at present the most distant idea of it, though he did not pledge himself that on no occasion such a thing might happen. The Governor thanked him for his answer, which he told Mr. Pitt he received with pleasure, thinking, as he did, that another loan of that sort would go nigh to ruin the country. The Governor also acquainted him, that the drain of Cash continued, and was likely to do so, while the Bills from abroad continued to be drawn on the Treasury. Mr. Pitt said they might last two months longer, but he believed not longer.

No. 9.—Interview with the Chancellor of the Exchequer, 18th November 1795.

THE Governor informed Mr. Pitt that the present price of Gold was 4*l.* 2*s.* per oz. and that the daily large drains of Specie from the Bank, filled the minds of the Directors with serious apprehensions; and that in the present situation of their affairs he must not rely on any aids from them, not even the Vote of Credit and Supply Bills.

The Chancellor of the Exchequer apologized for the warrants that were designed to be applied to the reduction of the amount of the Treasury Bills paid by the Bank, having, from the most urgent necessity, been otherwise applied to the payment of the troops going abroad. With respect to the million which he had promised should be paid in the course of this month in further reduction of the Treasury Bills, he said his intention was to take out that sum in part of the land and malt for 1796, and to pay it on this account, having no other means to do it by. The Governor then hinted to Mr. Pitt his apprehensions from a rumour that a further loan to the Emperor was in agitation, notwithstanding the assurances which Mr. Pitt gave him some time back, that he had not then the most distant idea of such a measure. The Chancellor replied, That he then had not such a thought from the tardy and slow operations of the Austrians; but the face of things having since changed, and the Austrian army having been of late very active and successful, he confessed it was his opinion that a continuance of such exertions was the surest way of distressing the French, and bringing them to proper terms of peace; and on this ground Ministry now had it in contemplation to let the Emperor have another loan, not exceeding two millions, trusting that it might be done with safety, and on the consideration that the subsidies of about 900,000*l.* per annum, which had been paid to different states in Germany for troops, would cease; and also the Bills drawn for the support of our Army on the Continent, which had last year amounted to near three millions sterling: beside, that should the loan take place, he had no objection to modify the stated times for the remittance thereof, so as to cause the least bad effect on the course of Exchange. And he further added, that should the situation of the Bank be such as to make this measure a very hazardous one, he would, in compliance with our request, overlook every other consideration, and abandon the loan. The Governor and Deputy Governor then told Mr. Pitt that they would take the sense of their Court tomorrow, on the advances which he wished to have on the land and malt of 1796, and wait upon him with the determination of the Court as soon as it should break up.

No. 10.—Resolution of the Court of Directors on the 20th November 1795.

THE Court of Directors having, on a consideration of the advances proposed by the Chancellor of the Exchequer on the land and malt 1796, resolved to let him have the sum of one million, under the restriction that it be immediately applied to the discharge of so much of the Bank's advance on the Treasury Bills; and also a further advance of 500,000*l.* for his present accommodation: the Governor and Deputy Governor went, as soon as the Court was over, to wait on the Chancellor of the Exchequer to acquaint him thereof. But at the same time the Governor mentioned to him, that it was the expectation of the Court that he should not take up any more on this Fund until about February next, and then gradually, as the advance on the former year would be coming in. The Governor also said, that from the present situation of matters at the Bank, and from appearances for the future, it would be absolutely out of the power of the Court to make the advance, which had been done before, of 2,500,000*l.* on the Vote of Credit which might be passed this Session; and he felt it right to announce this in time to Mr. Pitt before the loan, that he might make his arrangements accordingly, which Mr. Pitt thanked him for having mentioned; said he supposed he might venture to issue about 1,500,000*l.* of such Exchequer Bills to the Public, and that he must provide for the other million by an addition to the loan. The Governor then repeated to Mr. Pitt the absolute determination of the Court to have the advance on the Treasury Bills quite cleared off, by an early payment out of Monies received in part of the loan.

No. 11.—Interview with the Chancellor of the Exchequer, 12th December 1795.

IN consequence of a message from the Chancellor of the Exchequer, the Governor and Deputy Governor waited upon him this day, when he returned to them the paper which contained the copy of the Court's Resolution made on the 3d instant.

The Governor renewed the subject of the payment of the Treasury Bills to Mr. Pitt, which amount now to 2,670,000*l.*; but Mr. Pitt said the Money hitherto received on account of the present loan, should be applied to the payment thereof, and a further sum out of the payments in full, until that advance was reduced to 500,000*l.*

No. 12.—Interview with the Chancellor of the Exchequer, 8th January 1796.

Appendix,
N^o 9;
continued.

THE Governor and Deputy Governor this day waited on the Chancellor of the Exchequer by his desire. When he mentioned to them his request that the Bank would accommodate him with an advance of 500,000*l.* which he wanted for the purpose of paying off sums due to the Army Agents, and for which he would pledge Exchequer Bills on the land and malt of the present year; and if the payments made upon the loan for this year should amount in all before the end of this month to above 5,800,000*l.*, the excess beyond that sum, as far as 500,000*l.* should be employed in repaying the Bank's advance on the Exchequer Bills on the credit of the growing produce of the Consolidated Fund for the service of the last year. The Governor told Mr. Pitt that he did not think the Court would object to such an advance, and desired him to write an official letter in time to be laid before the next Court for that purpose.

Mr. Pitt said he had an immediate necessity for 200,000*l.*, which the Governor said he might take up directly; not doubting that it would be approved of by the Court of Directors.

No. 13.—The Governor's Report, and Resolution of the Court of Directors,
28th January 1796.

THE Governor having informed the Court that a notice was brought this morning from the Treasury, that certain Bills drawn on the Commissioners of the Treasury, amounting to the sum of 201,000*l.*, would fall due on Wednesday the 3d of February, and were directed for payment at the Bank; and that the sum now in advance on Treasury Bills is 1,157,000*l.*

Resolved unanimously, That the Governor do give directions to the Cashiers not to advance any Money for the payment of these Bills, nor to discharge any part of the same, unless Money shall be sent down for the purpose; in which case such Money is to be appropriated exclusively for the discharge of these Bills.

Resolved, That the Governor, Deputy Governor, and a Deputation from this Court, do wait on the Chancellor of the Exchequer with a copy of the above Resolution, and do further respectfully lay before him the determination of the Court not to continue any longer the mode of advancing the payment of Treasury Bills, than to such time as shall be fixed on between Mr. Pitt and the Deputation before mentioned, which time the Court hopes will not be fixed for a distant day.

No. 14.—Deputation wait on the Chancellor of the Exchequer, 29th January 1796.

THE Governor and Deputy Governor, with Mr. Peters and Mr. Bosanquet, waited on Mr. Pitt this day with the Resolution of the Court, as stated in the foregoing minute. He dwelt much on the inconvenience which it would put him to to comply with it; but after some conversation, said he would arrange his affairs so as to provide the Money in time for the payment of the Treasury Bills due on the 3d of February, by applying to that purpose Money which he had destined for other services.

As to the fixing a period when the payment of the Treasury Bills shall no longer be referred to the Bank, Mr. Pitt declared himself unable to settle that at such a short notice; but that he would look into the situation of his payments, and endeavour to form such a plan as soon as possible; and hoped to be able to conclude it by Friday 5th February, when he would expect to see the Deputation again.

No. 15.—Deputation wait on the Chancellor of the Exchequer, 5th February 1796.

THE Governor, Deputy Governor, Mr. Peters, and Mr. Bosanquet, this day waited upon Mr. Pitt again, according to appointment, to hear his determination about the latter part of the Court's Resolution, on the 28th ultimo, as to fixing a time when the present mode of paying the Treasury Bills in advance should be brought to a period. Mr. Pitt, after much conversation on the subject, said, That measures were now taking for a payment of 500,000*l.* more on this account to the Bank, which would reduce their advance on this score to under 200,000*l.*; but that as matters were situated, he could not foresee a possibility of paying the remainder, and quite finishing the account, till May or June next; for that as some part of our cavalry had not been brought home from Germany, there must still be some Monies drawn for their charges; but he did not think it could amount to above 300,000*l.* more in the whole. Mr. Pitt, however, said he would digest his ideas on this subject more particularly, and send a letter with a proposal to the Bank Court against next Thursday.

Mr. Pitt dwelt much on the necessity of some further support to be given to the Emperor, to enable him to continue his efforts against the French, as the most probable means of bringing the war to an end; but knowing the sentiments of the Directors of the Bank to be against any such assistance in Money, he promised that he would not commit himself to any engagement for a further loan to the Emperor, without a previous communication on the subject with the Gentlemen of the Bank.

Mr. Pitt read some extracts of letters from the British Resident and others at Hamburg, which mentioned that large quantities of English Guineas were imported thither by the packets from Yarmouth; and one mentioned that the Guineas were melted down on arrival there.

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No. 2.
continued.

there. Mr. Pitt said, that attention should be paid to this circumstance at the ports from which the packets sailed.

No. 16.—Interview with the Chancellor of the Exchequer, 12th February 1796.

THE Governor told Mr. Pitt, That the Court had received his letter of the 11th instant, and would comply with his desire of continuing to pay the Treasury Bills as usual till May, when he hoped it would be totally done away; and that he might look to a temporary accommodation of 500,000*l.* in the interval, but absolutely required that it should never exceed that sum.

Mr. Pitt said, That as far as lay in his power, it should not exceed it; but that demands did arise occasionally which he could not foresee, but which the public service required to be provided for, and if the money from the loan did not flow in fast enough, he might be obliged to have recourse for temporary assistance to the Bank; and that it lay with the Court of Directors to judge whether they chose to accommodate the Public or not.

No. 17.—Interview with the Chancellor of the Exchequer, 11th April 1796.

THE Governor and Deputy Governor this day waited on the Chancellor of the Exchequer at his desire, when he informed them that he meant to propose in Parliament a further loan of about six millions and a half, in order to fund the four millions of Exchequer Bills which the Bank holds on the Supply and Vote of Credit of 1795, two millions of Exchequer Bills which have issued to the Public, and about half a million, the amount of Navy Bills held by the Bank, due in the months when he means to fund them, but which the Governor had informed Mr. Pitt that the Bank chose to have the payment of. Mr. Pitt said, he hoped to be able to bring this matter before the House on Monday next the 18th instant, and would desire the Governor and Deputy Governor to come on some day this week, to a previous meeting with the parties who were to be concerned on this business.

No. 18.—The Governor's Report, and Resolution of the Court of Directors, 19th May 1796.

THE Governor having informed the Court, That the present advance on Treasury Bills of Exchange is 835,000*l.* beyond which there is notice now lying in the House of a further sum of about 200,000*l.* which will shortly become due; and that a notice was brought on Monday last from the Treasury, containing a list of Bills drawn on the Commissioners to the sum of 900,000*l.* more, of which the principal part would fall due on the 29th instant, which were directed for payment at the Bank: the Court resolved, That a representation in writing should be made to the Chancellor of the Exchequer on the subject.

No. 19.—Interview with the Chancellor of the Exchequer, 24th May 1796.

IN consequence of an appointment from the Chancellor of the Exchequer, the Governor and Deputy Governor waited upon him this day, with a view to lay before him the Resolution entered into by the Court on the 19th instant; but they found him so impressed with the necessity of providing the Funds to pay off the Treasury Bills for 900,000*l.* and that he had formed his plan for the liquidation thereof, that they thought it prudent to withhold the Resolution from him.

Mr. Pitt explained his measure in the following letter to the Governor and Deputy Governor, which he wrote while they were with him; viz

Gentlemen,

Downing-street, 25th May 1796.

I have leave to acquaint you, for the information of your Court, that a warrant is directed for the issue of 900,000*l.* for the payment of the Bills to become due to that amount in the course of the present week. I must at the same time desire you to request of the Court, in consequence of the pressure arising from this unexpected payment, that they will accommodate Government by advancing a sum of 200,000*l.* to the account of the Paymaster General, to be repaid out of the Cash to be received on the next payment of the loan of 7,500,000*l.*

I have the honour to be, &c.

(Signed) W. Pitt.

Governor and Deputy
Governor of the Bank.}

The Governor afterwards mentioned in conversation the desire of the Court to have the new arrangement made, which should ease the Bank from the payment of the Treasury Bills. The promise to which point Mr. Pitt acknowledged to have made; but being excessively hurried away with a variety of business, and about to set off to attend the election at Cambridge, he desired leave to defer this object until some time next week, after his return, when he would resume it.

No. 20.—Interview with the Chancellor of the Exchequer, 14th June 1796.

Appendix,
N^o 9,
continued.

THE Governor and Deputy Governor this day waited on Mr. Pitt, with a statement of the Treasury Bills paid by the Bank, which advance now to the sum of £.1,002,555 6 4
And of Bills already advised, but not yet due 230,093 16 1

£.1,232,649 2 5

And requested that speedy measures might be taken to pay off the same. Mr. Pitt told them, That he had made arrangements to pay off the 200,000*l.* which he had borrowed (as by his letter of 25 May, copied in the private minute book of the Court) and also for the payment of 800,000*l.* out of the monies received on the last loan, for which he would take up Exchequer Bills to that amount on the Vote of Credit of 1795; and in consequence of these payments, he hoped the Bank would have patience to wait for the discharge of the advance on the Treasury Bills above mentioned until the quarter ending the 5th July, of the Consolidated Fund, when the surplus thereof should be applied to that purpose: which the Governor said he should refer to the Court for their opinion.

No. 21.—Copy of a Letter from the Chancellor of the Exchequer, and Resolutions of the Court of Directors.

Gentlemen,

Downing-street, Wednesday, 20th July 1796.

As the pressure of demands for the public service, at the present moment, prevents the payment in Cash of the sum advanced by the Bank on Treasury Bills, I should consider it as a great accommodation if the Court would accept of Exchequer Bills on the Vote of Credit, to the amount of the sum now due beyond five hundred thousand pounds. I would also beg the favour of you to propose to the Court, in order to guard against any further excess on that point, that any further sums to be advanced for Treasury Bills should be paid in Exchequer Bills, on the credit of the Consolidated Fund, at the end of each month. I am also under the indispensable necessity of expressing my earnest hope, that the Court will be induced to make a present advance of eight hundred thousand pounds, on the credit of the Consolidated Fund, which will enable me to make provision for the present demands, and to pay immediately the four hundred thousand pounds lately advanced by the Bank, and the Navy Bills now due. I shall also be obliged to request a further advance of the like sum of eight hundred thousand pounds, on the same security, towards the end of the month of August. It gives me much concern to be obliged to apply for an accommodation to so large an extent; but I cannot too strongly represent how necessary it is for the public service; and I trust the very large repayments which are secured to the Bank in the course of the present year, will admit of their making these temporary advances at a period when they are peculiarly important.

I have the honour to be, Gentlemen, Your most obedient humble servant,

Governor and Deputy }
Governor of the Bank. } (Signed) W^m Pitt.

P. S. In case the Bank should find it necessary (which I hope will not be the case) to dispose of any of the Exchequer Bills on the Vote of Credit, before provision is made for their discharge, and any loss should arise from their being at a discount in the market, I should of course propose that such a loss should be made good by the Public.

After a debate on the subject of this letter, the Court came to the following Resolution thereon:—

Resolved, That this Court do consent to receive payment for the amount of the advances on the Treasury Bills which have been and shall be paid before the 1st of August, beyond the sum of 500,000*l.* and which will be 867,700*l.* in Exchequer Bills issued on the Vote of Credit of the present year, under the stipulation of indemnity from loss on the sale proposed by Mr. Pitt, and to waive their claim of repayment of the 500,000*l.* till the meeting of Parliament, when the Court will expect that this mode of paying Treasury Bills shall be totally done away.

Resolved, That the Court do not consent to advance any more Money for the payment of such Bills which fall due after the 1st of August.

Resolved, That the Court do consent to the other part of the letter, to advance the sum of 800,000*l.* on the credit of Exchequer Bills on the Consolidated Fund, on condition of being paid off the 400,000*l.* lately advanced to Government, and the Navy Bills due and coming due; but they do not consent to advance the second sum of 800,000*l.* in the month of August.

The Governor, Deputy Governor, with Mr. Darell and Mr. Samuel Thornton, were desired by the Court to carry up these Resolutions to the Chancellor of the Exchequer; which they did as soon as the Court broke up. And being admitted, they gave a copy of the Resolutions to Mr. Pitt, who having read them attentively over, said, "He was obliged to the Court for what they did grant, which he should accept of; but added, that it would be of no material use, in the present circumstances of the Nation, unless the other requisitions which he had made were complied with. That he must refer the affair again in a more pointed manner to the reconsideration of the Court, which he would do in a letter to be sent to the Bank next Tuesday morning, for the previous deli-

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"beration

Appendix,
No. 9,
continued.

"beration of the Committee; and that he would be glad to see the Governor and
"Deputy Governor again before the next Court should meet."

No. 22.—Copy of a Letter from the Chancellor of the Exchequer, and Resolutions of the Court of Directors, 28th July 1796.

Gentlemen,

Downing-street, Wednesday July 27th.

AFTER attentively considering the Resolutions of your Court, which I received from you on Thursday last, I feel it an indispensable duty, however unwilling I am to urge any request which appears to them liable to any difficulty or objection, to represent to you, in the most earnest manner, that it will be impossible to avoid the most serious and distressing embarrassments to the public service, unless, in addition to the accommodation which has been already agreed to for the present month, the Court can consent to advance the second sum of 800,000*l.* in the month of August, and can also make provision for the payment of such further Treasury Bills as may fall due in the next month, or as may be drawn payable in September and October. With respect to those for the two latter months, as none such have yet been accepted, I should hope an arrangement may be made for accepting them, payable at a period subsequent to October, by which means the inconvenience of the advance may possibly be in a great degree obviated. I must request you to take the first opportunity of laying this application before your Court, and to state to them, that objects of the utmost importance to the Public are involved in their determination upon it.

I have the honour to be, Gentlemen, Your obedient humble servant,
Governor and Deputy } (Signed) W^m Pitt.
Governor of the Bank. }

Resolved, That this Court do agree to advance, for the service of the Public, the sum of 800,000*l.* towards the end of the month of August, on the security of Exchequer Bills to be issued under the Act of Parliament on the surplus of the Consolidated Fund; and that such Treasury Bills as have been accepted, and shall fall due during the month of August, be likewise discharged on a deposit of like Exchequer Bills to be issued on the Consolidated Fund to an equal amount, which Bills have been stated by the Chancellor of the Exchequer to be about the sum of 300,000*l.*:

That the Court do not engage to advance for any sum of Treasury Bills which may be drawn and shall fall due after the month of August:

That this Court do expect that the Chancellor of the Exchequer will give a promise that a new mode of paying the Treasury Bills shall be adopted immediately on the meeting of Parliament, as this Court will not continue the mode of discharging them any longer.

Resolved, That this Court, having granted this accommodation with great reluctance, and contrary, to their wishes, the Governor be desired to present to Mr. Pitt, a copy of the following memorial; and request of him, that, for the justification of the Court of Directors, the same may be laid before His Majesty's Cabinet.

"The Court of Directors of the Bank of England, fully sensible of the alarming and dangerous situation of the public credit of this kingdom, and deeply impressed with the communication lately made to them by the Right Hon. W^m Pitt, both by letter and in a conference with the Governor and Deputy Governor, are very willing and desirous to do every thing in their power to support the national credit, and to enable His Majesty's Ministers to carry on the public service; but in complying with the request made to them by the Right Hon. W^m Pitt, in his letter of the 27th instant, they think that they should be wanting in their duty to their proprietors, and to the public, if that compliance was not accompanied with the following most serious and solemn remonstrance; which, for the justification of their Court, they desire may be laid before his Majesty's Cabinet.

"They beg leave to declare, that nothing could induce them, under the present circumstances, to comply with the demand now made upon them, but the dread that their refusal might be productive of a greater evil, and nothing but the extreme pressure and exigencies of the case can in any shape justify them for acceding to this measure, and they apprehend, that in so doing, they render themselves totally incapable of granting any further assistance to Government during the remainder of this year, and unable even to make the usual advances on the land and malt for the ensuing year, should those Bills be passed before Christmas.

"They likewise consent to this measure, in a firm reliance that the repeated promises so frequently made to them, that the advances on the Treasury Bills should be completely done away, may be actually fulfilled at the next meeting of Parliament, and the necessary arrangements taken to prevent the same from ever happening again, as they conceive it to be an unconstitutional mode of raising Money, what they are not warranted by their charter to consent to, and an advance always extremely inconvenient to themselves."

No. 23.—Interview with the Chancellor of the Exchequer, 9th August 1796.

SOME lists of Treasury Bills accepted, payable at the Bank, of which about 37,000*l.* fall due in September and October, being brought down to the Bank, the Governor and Deputy Governor this day waited on Mr. Pitt, to mention this matter to him; and to remind him, that the Court had resolved not to pay any Bills on the Treasury due in those months, unless provision was made for the same by the Treasury. Mr. Pitt thanked them for the attention

attention, and told them, it was meant to prepare Money at the Bank for the discharge of those Bills.

Appendix,
N^o 9,
continued.

No. 24.—At a Court of Directors at the Bank, on Thursday 3d November 1796.

THE Governor having received the following letter from the Chancellor of the Exchequer, viz.

Gentlemen,

Downing-street, Nov. 3d, 1796.

I have to request you to represent to your Court, that it will contribute essentially to the public service, if they think proper to advance the amount (as it may be wanted) of Exchequer Bills usually raised on the land and malt; and that I shall, in that case, be enabled to make provision for the payment of the balance now due on Treasury Bills, at such time and in such proportions as may be agreed upon by them.

I have the honour to be, Gentlemen, Your obedient humble servant,
W^m Pitt.

Resolved, That the Lords of the Treasury be accommodated with the sum of 2,750,000*l.* on the land and malt taxes 1797, on the following conditions: that the sum of 1,513,345*l.* 19*s.* 7*d.* already advanced by the Bank on Treasury Bills of Exchange, be paid thereout: and that all the Treasury Bills directed to be paid at the Bank, which shall fall due in the months of November and December, shall be discharged and satisfied by Money to be sent down for the purpose; and that from the first day of January 1797, provision shall be made, on notice that Bills have been accepted to the amount of 100,000*l.* that Money or Exchequer Bills to that amount shall be issued to the Bank three days before the whole sum becomes due.

The Governor was desired to inform the Chancellor of the Exchequer with the above Resolution, and at the same time mention to him, that the Court intended to adhere strictly to these terms, and hoped he would give directions that no alteration should take place respecting them.

No. 25.—Interview with the Chancellor of the Exchequer, 1st February 1797.

THE Governor and Deputy Governor yesterday waited upon the Chancellor of the Exchequer, to represent to him how uneasy the Court were at their large advances for Government, and especially on the Treasury Bills paid, which now amounted to 1,554,635*l.*, and would in a few days be augmented to 1,819,818*l.*; and required that some effective measure should be immediately taken for the payment of the whole of this sum, as had been so seriously promised them should be done at the opening of this year.

Mr. Pitt acknowledged his intentions, and wished to have done it; but said, that he had been prevented by the very pressing calls for various other services. He said, however, he would consider over his payments and resources, and would endeavour to form some plan for the repayment of the Treasury Bills against the next day, when the Governor and Deputy Governor were to wait upon him again about the business of the national stock. Accordingly, this day Mr. Pitt resumed the subject, and said, that he was endeavouring to sell Exchequer Bills; out of which he hoped to be able to pay about 300,000*l.* at present; which the Governor wished him to do, that the Bank might be provided for the Bills now falling due. Mr. Pitt said, that as to future payment, he believed he could propose to pay every week about 150,000*l.* or in that proportion, until the whole sum now due was paid off. Mr. Pitt however hinted in conversation, that another large sum of Bills had appeared from St. Domingo. The Governor begged he would give us an idea to what amount they were. He said, about 700,000*l.*; on which the Governor expressed great apprehension about such an access to the present advance; and begged of Mr. Pitt to put off the acceptance of these fresh Bills, or at least to protract the acceptance of them to a term of two months beyond their tenor; which he said he would consider about, and take his resolution.

The Governor then desired Mr. Pitt to write a letter officially to him, and he would lay it before the Court, and take their Resolutions upon it. Mr. Pitt then hinted that he should want some Money to send to Ireland; that he had been applied to for a large sum, but that 200,000*l.* in Specie would be necessary. The Governor and Deputy Governor both told him, that any further drain of Cash from the Bank would in these times be very dangerous; as they acknowledged that the Cash had been very materially lessened of late, and they therefore begged of him to try if 100,000*l.* would not be sufficient.

No. 26.—Interview with the Chancellor of the Exchequer, 3d February 1797.

THE Governor and Deputy Governor this day waited on Mr. Pitt, to mention to him that his letter, which contained the engagement to liquidate the present advance on Treasury Bills, was yesterday laid before the Court; who, after a long debate on the subject, had submitted to the plan as proposed by him; but that, by the direction of the Court, they recommended a punctual performance of the payments promised: which Mr. Pitt said should certainly be observed: and that he had hopes of being able to pay it off, even quicker than he had proposed.

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continued.

No. 27.—Interview with the Chancellor of the Exchequer, the 10th February 1797.

THE Committee met this day, and taking into their most serious consideration the certainty, which now threatens us, that Mr. Pitt will be obliged to bring forward here a loan for Ireland, to the amount of 1,500,000*l.*; and the evils which will probably follow on such a measure to this House, by the sending over to that country a great part of the sum in Specie; they resolved to ask of Mr. Pitt a considerable reduction of the Bank's present advances to Government, to be raised, as he hinted, by a new loan: and they made out a statement for that purpose to be presented to him, which was as follows:

	£.
Arrears of advance on land and malt 1794	337,000
D ^o - - D ^o - - - - - 1795	491,000
D ^o - - D ^o - - - - - 1796	2,392,000
Exchequer Bills on Vote of Credit	968,800
D ^o on Consolidated Fund 1796	1,323,000
Treasury Bills paid	1,674,645
	<hr/>
	£. 7,186,445
Besides arrears of interest due, &c.	400,000

They desired that a deputation of the Governor, Deputy Governor, Mr. Bosanquet, and Mr. S. Thornton, would go up to Mr. Pitt; and request, that if the Irish loan must take place, he would undertake first to arrange the repayment of the above sum to the Bank, as the only means which the Committee can propose for the defence of the Bank against the mischiefs they dread from the Irish loan.

And the Committee also desired, that, if necessary, a special Court of Directors might be summoned to meet, on this business, on Monday next at 12 o'clock, that the business may be brought before the Court.

In consequence of the above Resolution, the Governor and other Gentlemen deputed, went to Mr. Pitt, showed him the statement of the Bank's demands on Government, which they wished to have paid off, or so arranged before the settlement of the Irish loan. Mr. Pitt, on the article of the Treasury Bills, said, that he had already laid his plan for the discharge of that article, which he meant to adhere to, and that therefore this article might be left out of the present agreement; and that he would lay his plan for the liquidation of the rest, by an addition to the late voluntary loan, or by some other measure as might be most forcible. The Deputation pressed on him the necessity of attending, in his plans, to the point of making the payments to the Bank precede those which might be fixed for the Irish loan. They also informed him of their intention to call a special Court of Directors, to impart this business to them, which might be held on Monday or Tuesday next, as might best suit Mr. Pitt. He begged it might be called on Monday, as he said that Mr. Pelham, the Secretary of State for Ireland, had been here some days on this business, and that it was of the utmost consequence that the matter should be fixed, and advice sent over to that country of it as soon as possible. On which the Governor told Mr. Pitt, that a Court of Directors should be summoned on Monday; and requested that he would furnish him with a letter, explanatory of the business, to be laid before the Court; which Mr. Pitt promised should be sent to the Bank either to-morrow or on Sunday.

No. 28.—Copy of a Letter from the Chancellor of the Exchequer, and the Opinion of the Court of Directors, 16th February 1797.

Gentlemen,

Downing-street, 15th February 1797.

SINCE our last conversation I have turned my attention to an idea, that has been suggested to me, of raising the Money wanted for Ireland, as part of one loan together with that which may be requisite here, and of leaving the time and mode of remittance to be settled between the English and Irish Governments, according to circumstances. Such a measure might possibly prevent some inconvenience, which would arise from their being otherwise two loans in the market at the same time, and might also give better means of regulating the remittance in the manner least inconvenient. It would at the same time hardly fail to be acceptable to Ireland, as it would probably procure Money for them at a much cheaper rate than they could otherwise borrow it. I have to request the favour of you to learn the sentiments of your Court on this point, and to communicate to me the result.

I have the honour to be, &c. &c. &c.

(signed) W^m Pitt.

Governor and Deputy Governor of the Bank.

After a debate on the subject of this letter, it was the opinion of the Court, that it might be better for the Minister of this country to have the control over the remittance of the sum intended for Ireland, than, by an open loan for Ireland, to leave in the power of that Government to draw the Money away, without any consideration of the case of the Bank. And the Governor and Deputy, and Mr. Samuel Thornton, were desired to wait on Mr. Pitt, with the following observation on his letter, as directed by the Court:

"It is the opinion of this Court, That the plan of adding to the intended English loan the sum that has been proposed to be raised here for the Government of Ireland, and of
"making

"making the remittances at such periods, and in such manner, as may be least inconvenient, is preferable to the raising an Irish loan in England by itself, and fixing the payments and remittances in a manner which cannot be varied according to circumstances, But the Court must repeat their apprehensions, that any measure which tends to carry Money out of the country, is replete with alarming consequences to the Bank of England."

The paper containing the above was accordingly carried up to Mr. Pitt, who read it with attention, and then returned it.

No. 29.

"Resolved, That it is the opinion of this Court, that the Treasury Bills of Exchange shall be paid, which will become due in the course of next week, to the amount of about 150,000*l.*; but that no other Treasury Bills of Exchange shall be paid by this House, until Money be issued to the Bank to pay the same."

The Governor and Deputy Governor were desired to wait upon Mr. Pitt with the above Resolution, as soon as the Court broke up.

No. 30.—Additional, continuation of No. 26.—

3d February 1797.

THE Governor mentioned to Mr. Pitt, the great distress and inconvenience which the Bank, the Bankers, and the Public, suffered for want of a fresh coinage of Silver; and requested the Chancellor of the Exchequer to take some early measures for a redress thereof by a new coinage, at least of some part of what would be wanted.

No. 31.—Interview with the Chancellor of the Exchequer, 8th February 1797.

THE Governor and Deputy Governor this day waited upon the Chancellor of the Exchequer, by his appointment; when he mentioned to them, that he was exceedingly pressed by the Government of Ireland, to allow them to raise a loan on this country; and he thought that about 1,500,000*l.* would be the sum. He knew it would be a difficult and unpleasant measure to be carried through, but thought it right to speak to the Governors of the Bank about it. The Governor immediately told Mr. Pitt, that such a scheme must have the worst effect possible; that it would cause the ruin of the Bank; for that such a loan raised here would all be sent over in Money to Ireland, and would drain much of our Specie from us. Mr. Pitt desired that the matter might at present be only communicated to the Committee of Treasury, but not to the Court of Directors; which the Governor promised to do, and to wait upon him again to-morrow with Mr. Puget, as Mr. Pitt wished to speak with him also on the subject.

No. 32.—Report of the Governor, and Interview with the Chancellor of the Exchequer, 9th February 1797.

THE Governor this day communicated to the Committee, the circumstance mentioned by Mr. Pitt yesterday, about a further loan for Ireland; which struck them all as likely to produce the most disastrous consequences to the House. And the Committee joined in opinion fully, that the Governor, in his interview with Mr. Pitt to-day, should tell him, that under the present state of the Bank's advances to Government here, such a measure would threaten ruin to the House, and must probably bring us under the necessity to shut up our doors.

After the Court this day, the Governor, with Mr. S. Thornton, (as the Deputy could not attend) and Mr. Puget, waited on Mr. Pitt; who told them, that notwithstanding the difficulties and dangers which they foresaw by his carrying into execution a further loan for Ireland, he found it to be a measure of Government absolutely necessary; but that he would do every thing he could to obviate the difficulties, by making the Bank more easy in other points; and he proposed to raise, by an addition to the present voluntary loan, or by other means, with the consent of the Subscribers to that loan, whatever sum the Bank might desire to be paid off from its advances to Government. He proposed this, from an opinion that it was possibly in the power of the Bank to render itself safe by the diminution of its outstanding Notes; and he added, that he wished this reduction of their Notes to be effected by a diminution of their advances to Government, rather than by lessening their commercial discounts.

On the Governor's stating, that in the event of the measure of an Irish loan being effected here, the Bank would probably think it necessary to restrain their advances, both to Government and to the Public, by way of discount; Mr. Pitt answered, *he had rather pay back five millions to the Bank, than that they should restrain their discounts three millions; or to that effect.* Mr. Pitt expressed an opinion that a good deal of the Money that had been taken from this country last year was returned; and perhaps kept back in London, or in other parts of the kingdom, from whence he hoped to draw the resources he wants by a loan under the proposed circumstances. Some discussion took place with Mr. Puget, whether a part at least of the Irish loan might not be negotiated in Ireland; and Mr. Puget was given to think that a trial for this would be made. Mr. Puget suggested, that a pecuniary assistance given by this Government to the Irish Government might be preferable to a loan, as the Money might be demanded back when there was pressing occasion for it; but Mr. Pitt

Appendix,
N^o 9,
continued.

Appendix,
N^o 9,
continued.

was of opinion, that if the necessity to call it back should arise, Ireland would not be able to pay it; whereas he hoped the Specie would find its way back, by the regular course of trade, as soon as the internal state of that country would permit.

Mr. Pitt proposed that the repayment to the Bank should be made proportionate to the instalments on the Irish loan, or to exceed them considerably if desired; also, that no discount for prompt payment should be made on the Irish loan.

On their return from Mr. Pitt, the Governor ordered a Committee to be summoned to meet to-morrow, on *very special affairs*, at 12 o'clock.

No. 33.—Letter from the Chancellor of the Exchequer, with the Resolution of the Court of Directors, and Deputation appointed; 13th February 1797.

AT a Court of Directors held this day on special affairs, the Governor laid before the Court the matter which had been proposed to the Committee of Treasury by Mr. Pitt, and which had been the subject of the several minutes of the Committee on the 8th, 9th, and 10th instant in their private book: and the Governor read to the Court the following letter which he had received from the Chancellor of the Exchequer, viz.

Gentlemen,

Downing-street, February 10th 1797.

I have to request you to acquaint your Court, that from the representations received from Ireland, it appears indispensable, for the public service, that a loan should be raised here for the use of that Government, to the amount of 1,500,000 *l.*: on which I understand a considerable deposit will be requisite about the end of March. I am fully sensible that, in the present situation, such a loan might produce great temporary inconvenience here; and unless some measures were adopted to guard against its possible effects, might make it appear necessary for the Bank, from prudence and precaution, to restrain the accommodation which they now give to the commerce of the country, within much narrower limits than is desirable. In order to avoid this great inconvenience, and at the same time to be enabled to provide for the urgent demands from Ireland, which are connected with the greatest interest and safety, and to prevent further embarrassments in the vigorous exertions which the present crisis may require; it may, I think, be expedient to propose to Parliament to raise Money sufficient for paying off six (or if it should be thought necessary) seven millions (including the Treasury Bills) of the sum now outstanding due from the Public to the Bank. So great a reduction of their advances, must, I trust, render them much more at ease as to the effect of other operations. I wish also to have it understood, that I should propose the repayments to be received by the Bank, to take place by instalments, at least as early, and to as great an amount, as any remittance that could be made to Ireland, under the instalments to be fixed for that loan. I shall be extremely glad to know the sentiments of the Court on that subject, and to confer with you, and any other Gentleman of the Court, on any point which may require explanation, and on the best means of carrying the measure into execution, if it meets with the concurrence of the Court.

I have the honour to be, &c. &c. &c.

(signed) *W^m Pitt.*

Governor and Deputy Governor of the Bank.

The Court received this communication with great uneasiness, from an apprehension of the bad consequences which would, in all probability, arise to the Bank from the remittance of such a sum to Ireland, and the great drain of Cash which it would occasion; and after a very serious debate upon the subject, they came to the following Resolution; viz.

“*Resolved*, That this Court is of opinion that the repayment of seven millions of the Money advanced by the Bank to Government will be of very essential service to this House; but the Court is nevertheless extremely apprehensive that the negotiating the proposed loan for Ireland in this country, will necessarily endanger the safety of the Bank of England by the large drains of Cash which it must occasion for the remittance of that sum to Ireland.”

The Governor and Deputy Governor, with Mr. Darell and Mr. Bosanquet, were deputed by the Court to wait upon the Chancellor of the Exchequer with this Resolution; and they took with them a copy of it in a paper sealed up, that in case Mr. Pitt should require it to be left with him to show it to the Cabinet, it might be in a situation guarded from the eyes of the people in office. The Deputation waited on Mr. Pitt when the Court broke up, and waited till he came home; when being admitted, the Governor told him that a Special Court had been held on the subject, and that he and the other Gentlemen were deputed to bring him the Resolution of the Court upon it, which Mr. Pitt read attentively; and desiring to have a copy left with him, the one sealed up was given to him, which he was desired by the Governor to return to him when he had communicated it to the Cabinet. In the conversation which took place afterwards, the Governor asked if it was not possible that a part of the 1,500,000 *l.* could be raised in Ireland for its own use? Mr. Pitt said, that the sum mentioned was all expected from this country; that a further sum was wanted in the whole; but that the Irish Government hoped to raise the remainder in that country. On the subject of the loan to be raised here to pay off the above sum to the Bank, Mr. Pitt said, he meant to make it equal, not only to that purpose, but to set him at his ease for other parts of the public service, which he had not been able to calculate with sufficient exactitude on bringing out the last loan. That he meant to raise this additional sum in the same Funds,

Funds, and if possible by the same Subscribers, to whom proposals would be made, with an allowance for their loss on the former engagement; and that if he was disappointed in this expectation, he must take other measures, as usual.

After this the Governor asked of Mr Pitt if it could not be made compatible with the forms of office, that when the payments should come to be made on this proposed loan, the Money might be retained at once by the Bank, as far as was intended for the liquidation of their advances, without being sent up to the Exchequer, as was hitherto practised, which mode had often caused a delay of many days; and once last year a total disappointment of the sum? Mr. Pitt said, that he saw no reason why this routine of office should not be altered; that he would think of it, and order another arrangement.

Appendix,
Nº 9.
continued.

No. 34.—Deputation to the Chancellor of the Exchequer, 21st February 1797.

THE Committee observing, with great uneasiness, the large and constant decrease in the Cash, held a particular consultation on that subject this day; and on examination into the state of the Cash since the beginning of this year, they found that in the course of the month of January there had been a decrease of - - - - - £. - - -

And since the beginning of this month a further loss of - - - - -

And that the Cash was now reduced to between value, in Bullion and foreign Coin, and about the value of - - - - - in Silver Bullion. Perceiving also, by the constant calls of the Bankers from all parts of the town for Cash, that there must be some extraordinary reasons for this drain, arising probably from the alarms of an expected invasion; the Committee, after maturely considering the matter, resolved to send a notice to the Chancellor of the Exchequer, of the situation of matters at the Bank; and to explain exactly to him how the Cash is circumstanced, that he may, if possible and proper, strike out some means of alleviating the public alarms, and stopping this apparent disposition in people's minds for having a large deposit of Cash in their houses. The Governor, Deputy Governor, with Mr. Darell and Mr. Bosanquet, were deputed to wait upon Mr. Pitt, who went to him; and after describing to him the anxiety of mind which all the Directors were under on this subject, they explained to Mr. Pitt the exact particulars above mentioned. Mr. Pitt seemed aware that this unusual drain of Cash from the Bank must arise from the alarm of an invasion, which he observed was now become much more general than he could think necessary. He said, that by all his informations he could not learn of any hostile preparations of consequence making in France to invade this country, except the fleet which was refitting at Brest, after being driven off from the coast of Ireland; but that he could not answer that no partial attack on this country would be made by such a mad and desperate enemy as we had to deal with. The Deputation pressed on Mr. Pitt to declare something of this kind in Parliament, in order to ease the public mind.

The Deputation then mentioned to him the necessity of bringing forward the new loan, out of which the repayment of the seven millions to the Bank was to be made, as in the present emergency it was of the utmost consequence that our advances should be contracted as soon as possible. He said, he was occupied on that point, and hoped, in a couple of days, to have his plan so arranged as to be able to call the Gentlemen together, with whom it might be necessary to negociate for a new loan. Mr. Pitt also mentioned, that he hoped the Committee would, in the present situation of matters, think it necessary to endeavour at obtaining a supply of Gold from foreign countries, which the Governor told him they were considering about, and should do what they could therein.

In the afternoon the Governor and Deputy Governor had a meeting at the desire of the Committee, with Messrs. Goldsmid and Eliason, and agreed with them, that they should write by that post to Hamburgh, and order a purchase of Guineas, or any Gold Bullion, to be shipped directly for this House, to the amount of 50,000*l.* on a commission of $\frac{1}{4}$ per cent. The said Messrs. Goldsmid and Co. to stand all risk of the actions of the Houses with whom they correspond, but the risk of the conveyance to London to rest with the Bank.

No. 35.—Interview with the Chancellor of the Exchequer, 22d February 1797.

Messrs. Goldsmid and Eliason attended the Committee this day, and were directed to give further orders to Hamburgh for the purchase of Gold; and were told that an application would immediately be made to the Minister to order a frigate or armed sloop to go to Hamburgh to take in such Gold as might be bought, and also to desire that the restriction on the Captains of the packets not to take any Gold on board at Hamburgh for this country might be taken off. The Governor and Deputy Governor waited on Mr. Pitt on this subject, who promised to apply to the Admiralty for directions about sending out a frigate or armed sloop; and that he would apply to the Postmaster General to give the orders to the Captains of the packets.

The Governor pressed Mr. Pitt again on the subject of the Treasury Bills, and told him, that he feared the Court would not agree to pay the Treasury Bills, which fall due next week.

Mr. Pitt said he would send 50,000*l.* to the Bank in part provision thereof, but that he did not think he could raise the Money to the full amount of the Bills due.

Appendix,
N^o 9.
continued.

No. 36.—Interview with the Chancellor of the Exchequer, 24th February 1797.

At a Committee of the whole Court held this day, it appeared that the loss of Cash yesterday was above _____, and that about _____ were already drawn out this day, which gave such an alarm for the safety of the House, that the Deputy Governor and Mr. Bosanquet were desired to wait on Mr. Pitt to mention to him these circumstances, and to ask him how far he thought the Bank might venture to go on paying Cash, and when he would think it necessary to interfere before our Cash was so reduced as might be detrimental to the immediate service of the State. Mr. Pitt said, that this was a matter of great importance, and that he must be prepared with some Resolution to bring forward in the Council, for a Proclamation to stop the issue of Cash from the Bank, and to give the security of Parliament to the Notes of the Bank. In consequence of which he should think it might be proper to appoint a Secret Committee of the House of Commons to look into the state of the Bank affairs; which they assured him the Bank were well prepared for, and would produce to such a Committee. Mr. Pitt also observed, that he should have no objection to propose to Parliament, in case of a Proclamation, to give parliamentary security for Bank Notes. The Governor and Deputy Governor this day waited on Mr. Pitt, to mention to him, that it would in the present circumstances be highly requisite that some general meeting of the Bankers and chief Merchants of London should be held, in order to bring on some resolution for the support of the public credit in this alarming crisis: and they took the liberty to recommend to Mr. Pitt, to have a private meeting of some of the chief Bankers at his house to-morrow, at three o'clock, in which the plan for a more general meeting on Tuesday or Wednesday next might be laid; in the propriety of which Mr. Pitt agreed, and said he would summon a previous meeting for to-morrow accordingly. This was communicated by the Governor to the Committee.

Answer to No. 1.

ON the communication of the Resolution No. 1, on the 17th January 1795, the Chancellor of the Exchequer expressed his thanks for the communication; and said, he should arrange his measures in conformity: but that though he was going to reduce immediately the sum of the Treasury Bills, it might not be in his power to bring them down to the sum stipulated, till after the first payment of the loan.

Answer to No. 2.

THE Chancellor of the Exchequer having read the paper, seemed fully convinced of the propriety of the representation; and declared, that it should have been attended to on his part before, but in the multiplicity of public affairs it had been forgotten. He however said, it should be complied with out of hand, and that he would order 1,200,000*l.* to be paid to the Bank, on that account, immediately.

Answer to No. 4.

On presenting this paper, Mr. Pitt said, It was not his fault that the account had not been diminished, for he had ordered, some time since, two warrants to be made out, amounting to above 600,000*l.*, which were now completing, and would soon come down to us; showing at the same time, the preparatory parts thereof. The Governor then replied, that 600,000*l.* would not nearly reduce the amount to the agreed sum; that our calls had lately been so great, with large drains of Cash and Bullion, as made us earnestly wish to lessen our credits as much as possible; and then he wished Mr. Pitt would, without particular inconvenience to himself, name a day from whence the Resolution of the Court should take place. The Deputy Governor asked, if Mr. Pitt could do this next Money (when the Chairs were to meet him on the national stock business?) He replied, he could not, he believed, be ready to do it by that time; but he might probably then inform us further about it; and added his hope, that the Bank did not, for this year, mean to restrict him from the credit of the 500,000*l.* on Treasury Bills.

Answer to No. 5.

MR. PITT acknowledged, that he had not, in his note of Wednesday last, entered into any particulars about the payment of the Treasury Bills; but that he meant, if the Bank assisted him with the two millions and a half in question, on Exchequer Bills, payable out of the growing produce of the Consolidated Fund, in the quarters for October next and the April following, he did mean to pay part of the Bank's advance on the Treasury Bills out of that Money; but he hoped that the whole of it would not be required, but that it should be provided for out of other Funds. The Governor then observed to him, how frequent promises had been given to reduce this advance to the limit of 500,000*l.* which had never yet been carried into effect; and begged leave to represent, how desirous the Bank Court was to have the payment of the Treasury acceptances otherwise arranged than at the Bank; which Mr. Pitt said should be taken up on a future occasion. The Governor said, he could not engage for any thing; but he knew how desirous the Court always was to assist the Government; though a provident care for their establishment must precede all other

other objects. Mr. Pitt observed on this, that the welfare of the Bank, we must suppose, was an object of equal importance to him as to us. The Governor then added, that though he did not engage for the Court, if Mr. Pitt could promise that two millions of the sum now asked for should be applied to extinguish so much of the advance on the Treasury Bills, he believed it might be acceded to. Mr. Pitt replied, that he could not answer for so large part being paid immediately; but that he would, on this information, draw up a new letter to the Court, to be considered next Thursday; and he wished to see the two Governors at 12 o'clock on Tuesday next, to submit to them the plan of his letter: and the Governor and Deputy promised to wait on him at that time accordingly.

Appendix,
N° 9.
continued.

Answer to No 7.

AFTER Mr. Pitt had read this paper, with great attention, twice, he began by expressing his satisfaction and approbation of the measure of communicating such matters to him; saying, That he most certainly would frame his arrangements in a manner that might enable him to remove our fears, and prevent unpleasant consequences; and that he would endeavour to do this in such a manner as should produce no alarm; and strongly recommending to the Court of Directors to use every possible precaution to prevent that also.

The Governor then said, That he hoped Mr. Pitt did not conceive it to be the intention of the Court to refuse the advance of the land and malt 1796; but only that it was their wish to protract it for some time. Mr. Pitt said, He understood it so, and should avoid applying for it until it might be more suitable to the Bank. He also said, He should certainly reimburse a million of the Treasury Bills, and repay the 1,100,000^{l.} as soon as the accounts were made up; and, if necessary, the 1,400,000 remaining should be reimbursed.

The Governor mentioned to him the drain of Cash to Ireland, the calls for the West India armament, and the probability of soon perceiving those that will be occasioned by the claimants of the neutral ships being reimbursed: in all which he seemed to concur. Then the Governor stated to him, that the price of gold being so much above the value of our Guineas, must necessarily impress his mind with the unavoidable consequences. The Chancellor of the Exchequer viewed this in a most serious light.

The Governor then mentioned the probability of the claims of the American ships taken in the West Indies soon coming to a hearing, and which, he said, from report, would amount to near four millions. Mr. Pitt agreed that appeals were soon to be made, but he did not think the amount would come up to such a sum. The Governor then resumed the subject of the Treasury Bills; and hoped, that after the meeting of Parliament, Mr. Pitt would so arrange matters, as to prevent their continuing to be paid by the Bank in the manner lately adopted. His reply was, that this object would soon cease; their amount seemed to have impressed his mind with a design to discontinue the service that occasioned them; the troops were about to return home. He candidly acknowledged, that the expense of our troops on the Continent had been enormous; and intimated that the bent and operation of the war, as long as it did still continue, would be naval, and in the West Indies.

The Governor then made his acknowledgments to Mr. Pitt, for the indulgence of so much time as he had given to him and the Deputy Governor. The Chancellor of the Exchequer said, He was going out of town to-morrow for a week, and at his return would be glad to see the Governors again, if any thing material should occur.

Appendix, N^o 10.

Bank of England, 27th March 1797.

Appendix,
N^o 10.

AN ACCOUNT of the Treasury Bills due to the Bank at the End of each Month since the 5th January 1795, and of the Sums repaid to the Bank in each Month since that Time.

			PAID FOR BILLS.			REPAID FOR BILLS.		
			£.	s.	d.	£.	s.	d.
Due 5th January 1795	-	-	2,100,345	9	9			
31st	-	-	2,513,762	17	-			
28th February	-	-	2,129,082	15	11	Repaid 23d February 1795	581,418	9 2
31st March	-	-	2,263,558	8	7			
30th April	-	-	1,845,393	3	4	- 9th April	795,283	1 7
						7th May	1,046,359	18 11
						11th	100,000	- -
						12th	11,335	- -
						16th	179,013	3 1
						21st	1,536	- -
						23d	7,156	- -
31st May	-	-	1,200,939	19	11		£. 1,345,400	2 -
						8th June	15,240	- -
						9th	89,395	- -
						12th	8,253	- -
						13th	582,853	- 9
						18th	1,627	- -
						26th	341,544	19 8
						27th	100	- -
30th June	-	-	793,218	9	1		£. 1,039,013	- 5
						9th July	8,036	7 7
						10th	3,263	- -
31st July	-	-	1,521,990	4	7		£. 11,299	7 7
						27th August	47,869	11 4
						28th	573,614	6 1
31st August	-	-	1,873,056	2	7		£. 621,483	17 5
						1st Sept.	40,757	6 9
						8th	312,702	4 8
						9th	318,780	14 6
						28th	355,989	11 7
30th September	-	-	1,461,131	19	8		£. 1,028,229	17 6
						3d October	3,450	- -
						27th	328,453	8 1
31st October	-	-	1,400,248	16	-		£. 331,903	8 1
30th November	-	-	1,791,372	-	3			
31st December	-	-	1,418,960	19	3	24th Decemb.	905,051	8 4
						31st	674,102	15 8
							£. 1,579,154	4 -

Appendix.] ON THE OUTSTANDING DEMANDS OF THE BANK.

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Appendix,
N^o 10.

	PAID FOR BILLS.		
	£.	s.	d.
Due 31st January 1796	1,202,358	2	-
29th February	616,807	16	5
31st March	519,889	13	8
30th April	752,212	6	11
31st May	967,702	7	5
30th June	1,111,659	13	2
31st July	521,491	7	6
31st August	879,027	6	7
30th September	901,957	6	6
31st October	1,392,369	10	-
30th November	1,042,256	-	10
31st December	1,175,649	12	9
31st January 1797	1,562,142	14	3
28th February	1,619,049	4	1

	REPAID FOR BILLS.		
	£.	s.	d.
Repaid 5th January 1796	782,598	11	6
3d February	586,697	6	10
4th	200,000	-	-
5th	201,029	8	3
15th	864	-	-
16th	216,715	3	9
19th	15	8	6
27th	97,691	15	10
	£. 1,303,013	3	2
4th March	163,725	7	5
5th	249,590	16	6
7th	71,776	-	5
12th	42	11	6
23d	191,789	14	9
	£. 676,924	10	7
4th April	882	9	6
5th	500	-	-
19th	610	-	-
	£. 1992	9	6
48th May	902,466	-	5
9th July	345	12	6
14th	4,144	-	-
30th	817,296	18	10
	£. 821,786	11	4
1st Sept.	100,000	-	-
16th	50,000	-	-
	£. 150,000	-	-
9th Novem.	494,067	-	9
10th	114,584	3	11
22d	441,901	19	1
	£. 1,050,553	3	9
5th Decemb.	200,021	10	6
10th February 1797	273,724	10	7
23d	50,077	7	2
	£. 323,801	17	9

Appendix, N^o 11.

AN ACCOUNT of the Amount of all Advances for Bills of Exchange accepted by Order of the Right Honourable the Lords Commissioners of His Majesty's Treasury, made payable and paid at the Bank of England, and not repaid on the 1st of January 1795; and of the farther Advances, and of the Repayments, from the 1st of January 1795 to the 28th February 1797.

1795. January 1.	To Amount of ADVANCES for Treasury Bills of Exchange not repaid -	£.	s.	d.	1795. April 1.	To Amount of BILLS PAID -	£.	s.	d.
	PAID -	1,979,296	9	9			931	-	-
2.	- ditto -	55	-	-	2.	- ditto -	550	-	-
3.	- ditto -	120,124	-	-	3.	- ditto -	400	-	-
5.	- ditto -	690	-	-	4.	- ditto -	1,333	4	5
6.	- ditto -	20,182	-	-	6.	- ditto -	120	-	-
7.	- ditto -	2,958	-	-	7.	- ditto -	41,127	6	4
10.	- ditto -	100,974	17	7	8.	- ditto -	22,546	-	-
12.	- ditto -	3,671	2	1	9.	- ditto -	4,418	-	-
14.	- ditto -	296	2	3	10.	- ditto -	200	-	-
15.	- ditto -	5,862	8	10	11.	- ditto -	10,917	5	1
16.	- ditto -	1,004	13	3	13.	- ditto -	960	-	-
17.	- ditto -	35,886	6	3	14.	- ditto -	1,631	6	1
19.	- ditto -	6,184	-	-	15.	- ditto -	57,836	2	1
20.	- ditto -	24,970	1	2	16.	- ditto -	21,254	12	2
21.	- ditto -	60	-	-	17.	- ditto -	300	-	-
22.	- ditto -	5,105	-	-	18.	- ditto -	3,343	-	-
23.	- ditto -	3,805	-	-	20.	- ditto -	152,659	19	8
24.	- ditto -	23,142	-	-	21.	- ditto -	226	19	9
26.	- ditto -	40	-	-	22.	- ditto -	4,273	11	7
27.	- ditto -	85	14	-	23.	- ditto -	2,750	-	-
28.	- ditto -	3,605	-	-	24.	- ditto -	33,256	-	-
29.	- ditto -	100	-	-	25.	- ditto -	13,420	-	-
31.	- ditto -	175,485	1	10	27.	- ditto -	55	-	-
February 2.	- ditto -	19,730	-	-	29.	- ditto -	521	18	2
4.	- ditto -	340	-	-	30.	- ditto -	2,086	11	-
5.	- ditto -	50	-	-	May 1.	- ditto -	794	12	7
6.	- ditto -	400	-	-	2.	- ditto -	143,205	5	2
7.	- ditto -	31,994	18	10	4.	- ditto -	25,694	8	10
9.	- ditto -	6,760	-	-	5.	- ditto -	3,029	15	-
10.	- ditto -	618	-	-	6.	- ditto -	27,096	10	-
11.	- ditto -	1,546	12	6	7.	- ditto -	80,185	2	1
12.	- ditto -	433	8	2	8.	- ditto -	983	1	8
13.	- ditto -	200	-	-	9.	- ditto -	152,567	15	-
14.	- ditto -	666	-	1	11.	- ditto -	12,186	-	-
16.	- ditto -	100	-	-	12.	- ditto -	345	-	-
17.	- ditto -	56,877	-	-	13.	- ditto -	3,950	-	-
18.	- ditto -	210	-	-	14.	- ditto -	150	12	6
19.	- ditto -	12,165	9	-	16.	- ditto -	63,152	16	2
20.	- ditto -	5,000	-	-	18.	- ditto -	2,162	-	-
21.	- ditto -	27,987	-	-	19.	- ditto -	500	-	-
23.	- ditto -	20,069	-	-	20.	- ditto -	5,919	3	10
24.	- ditto -	10,370	-	-	21.	- ditto -	9,013	8	1
26.	- ditto -	100	-	-	22.	- ditto -	100	-	-
27.	- ditto -	250	-	-	23.	- ditto -	2,668	4	6
28.	- ditto -	871	-	-	25.	- ditto -	9,061	7	-
March 2.	- ditto -	550	-	-	26.	- ditto -	15,777	3	4
3.	- ditto -	100	-	-	27.	- ditto -	4,066	11	7
4.	- ditto -	700	-	-	28.	- ditto -	101,998	-	-
5.	- ditto -	120	-	-	29.	- ditto -	819	-	-
6.	- ditto -	1,698	5	4	30.	- ditto -	35,521	1	4
7.	- ditto -	28,185	17	4	June 1.	- ditto -	3,031	17	6
9.	- ditto -	80	-	-	2.	- ditto -	5,017	-	-
13.	- ditto -	2,258	-	-	3.	- ditto -	1,027	-	-
14.	- ditto -	210	-	-	6.	- ditto -	119,015	14	11
16.	- ditto -	1,744	-	-	8.	- ditto -	146,951	-	-
17.	- ditto -	1,000	-	-	9.	- ditto -	10,267	19	-
19.	- ditto -	100	-	-	10.	- ditto -	124,502	2	2
25.	- ditto -	600	-	-	11.	- ditto -	17,397	-	-
26.	- ditto -	500	-	-	12.	- ditto -	3,569	-	-
28.	- ditto -	94,097	-	-	13.	- ditto -	54,618	1	3
30.	- ditto -	75	-	-	15.	- ditto -	2,402	-	-
31.	- ditto -	2,457	10	-	16.	- ditto -	9,972	6	5
					17.	- ditto -	2,244	12	2
					18.	- ditto -	395	15	6
					20.	- ditto -	2,415	-	-
					22.	- ditto -	44,833	-	-
					23.	- ditto -	33,701	5	-

1795:	To Amount of	£.	s.	d.	1795:	To Amount of	£.	s.	d.
June 24.	PAID	34,682	5	-	Sept. 29.	PAID	22,247	16	-
25.	ditto	490	3	8	30.	ditto	22,490	8	3
27.	ditto	7,076	19	-	October 1.	ditto	38,559	7	6
29.	ditto	90	6	5	2.	ditto	3,450	-	-
30.	ditto	1,591	1	7	3.	ditto	72,528	17	9
July 3.	ditto	618	-	-	5.	ditto	8,164	10	-
4.	ditto	1,425	-	-	6.	ditto	34,895	7	-
6.	ditto	332	4	-	7.	ditto	4,749	-	-
7.	ditto	6,239	7	7	8.	ditto	3,314	15	10
8.	ditto	1,747	-	-	9.	ditto	213	7	8
9.	ditto	152,239	6	5	10.	ditto	25,921	7	-
10.	ditto	3,000	-	-	13.	ditto	8,999	15	10
11.	ditto	197,833	2	11	15.	ditto	1,696	-	-
13.	ditto	17,131	4	6	17.	ditto	3,332	-	-
14.	ditto	52,049	7	-	20.	ditto	9,486	-	-
15.	ditto	8,072	13	5	21.	ditto	17,746	7	-
16.	ditto	42,871	6	11	22.	ditto	1,619	-	-
17.	ditto	6,770	-	-	23.	ditto	591	-	-
18.	ditto	41,272	2	8	24.	ditto	9,945	4	6
20.	ditto	15,891	-	-	26.	ditto	4,068	-	-
21.	ditto	55,453	7	10	27.	ditto	4,520	-	-
22.	ditto	5,734	18	2	28.	ditto	8,936	2	8
23.	ditto	33,403	8	11	29.	ditto	5,261	12	-
24.	ditto	4,145	14	1	30.	ditto	3,032	9	8
25.	ditto	49,199	-	4	31.	ditto	31,403	9	10
27.	ditto	33,118	18	3	November 2.	ditto	1,443	16	6
28.	ditto	1,566	19	8	3.	ditto	2,630	-	-
29.	ditto	2,776	5	1	4.	ditto	26,947	4	10
30.	ditto	1,224	11	1	5.	ditto	17,337	17	-
31.	ditto	5,906	4	3	6.	ditto	10,133	13	9
August 1.	ditto	6,051	5	1	7.	ditto	8,643	1	6
3.	ditto	7,503	11	9	9.	ditto	4,254	12	1
4.	ditto	292,200	12	-	10.	ditto	181	-	-
5.	ditto	33,951	17	2	11.	ditto	825	19	7
6.	ditto	54,329	8	-	12.	ditto	5,443	16	3
8.	ditto	209,776	14	4	14.	ditto	6,533	5	4
10.	ditto	20,307	6	7	16.	ditto	2,665	11	11
11.	ditto	65,489	19	-	17.	ditto	2,031	18	10
12.	ditto	1,876	6	3	18.	ditto	2,490	-	-
13.	ditto	1,523	-	-	19.	ditto	3,526	9	3
14.	ditto	65	-	-	20.	ditto	950	-	-
15.	ditto	49,774	12	4	21.	ditto	4,329	5	-
17.	ditto	710	-	-	23.	ditto	13,499	4	11
18.	ditto	3,595	-	-	24.	ditto	9,663	-	-
19.	ditto	33,646	1	3	25.	ditto	951	9	-
20.	ditto	3,695	16	8	26.	ditto	26,969	-	-
22.	ditto	16,829	18	-	27.	ditto	2,146	-	-
24.	ditto	902	16	-	28.	ditto	188,007	8	2
25.	ditto	15,251	16	-	30.	ditto	18,116	-	6
26.	ditto	12,846	5	-	December 1.	ditto	4,400	-	-
27.	ditto	10,136	2	-	2.	ditto	11,133	5	-
28.	ditto	421	15	8	3.	ditto	3,000	-	-
29.	ditto	131,664	12	4	4.	ditto	25,307	-	-
September 1.	ditto	12,487	1	2	5.	ditto	38,089	8	2
3.	ditto	5,175	8	5	7.	ditto	1,302	-	-
4.	ditto	1,346	-	10	8.	ditto	221,723	-	1
5.	ditto	31,115	9	1	9.	ditto	6,320	10	2
7.	ditto	3,127	-	-	10.	ditto	507,008	12	1
8.	ditto	404	12	9	11.	ditto	19,577	12	11
9.	ditto	352	2	2	12.	ditto	60,897	11	11
10.	ditto	47,509	19	2	14.	ditto	60,074	2	2
11.	ditto	1,470	-	-	15.	ditto	53,336	8	2
12.	ditto	92,167	13	11	16.	ditto	25,143	-	6
14.	ditto	1,894	17	2	17.	ditto	7,315	11	4
15.	ditto	11,804	-	-	18.	ditto	2,912	4	7
16.	ditto	108,014	10	-	19.	ditto	15,796	4	10
17.	ditto	29,692	7	-	21.	ditto	35,250	-	-
18.	ditto	100	-	-	22.	ditto	789	-	-
19.	ditto	82,843	10	-	23.	ditto	30,775	4	9
21.	ditto	8,574	18	8	24.	ditto	23,882	18	1
22.	ditto	76,970	1	-	26.	ditto	5,495	15	7
23.	ditto	25,980	-	3	28.	ditto	810	-	-
24.	ditto	23,667	7	9	29.	ditto	41,281	7	4
25.	ditto	100	-	-	30.	ditto	5,122	5	4
26.	ditto	5,385	-	-	1796:				
28.	ditto	1,385	11	-	January 1.	ditto	20,460	-	-
					2.	ditto	35,361	18	11

1796:			£. s. d.			1786:			£. s. d.		
January 4.	To Amount of BILLS PAID		101,744	6	9	April 6.	To Amount of BILLS PAID		3,510	-	-
5.	ditto		957	13	2	7.	ditto		3,150	-	-
6.	ditto		1,850	-	-	8.	ditto		35,191	8	1
7.	ditto		2,107	4	8	9.	ditto		1,497	-	8
8.	ditto		805	-	-	11.	ditto		5,078	15	1
9.	ditto		15,712	14	4	12.	ditto		22,546	1	3
11.	ditto		164	7	7	13.	ditto		2,548	-	-
12.	ditto		14,221	13	5	14.	ditto		1,410	15	3
13.	ditto		24,188	4	7	15.	ditto		7,744	5	11
14.	ditto		97,119	-	-	16.	ditto		37,441	5	-
15.	ditto		15,183	15	6	18.	ditto		14,142	1	10
16.	ditto		75,146	16	9	19.	ditto		9,334	19	9
18.	ditto		35,629	1	6	20.	ditto		13,593	14	7
19.	ditto		27,198	1	6	21.	ditto		9,602	-	-
21.	ditto		15,417	17	3	22.	ditto		3,000	-	-
22.	ditto		1,587	-	-	23.	ditto		3,778	3	6
23.	ditto		11,692	9	11	25.	ditto		3,698	17	4
25.	ditto		11,284	5	6	26.	ditto		60	-	-
26.	ditto		9,583	1	10	27.	ditto		300	-	-
27.	ditto		3,309	9	11	28.	ditto		16,440	-	-
28.	ditto		2,592	2	9	29.	ditto		12,835	17	-
29.	ditto		42,679	8	5	30.	ditto		6,286	2	4
February 1.	ditto		7,496	15	9	May 2.	ditto		11,790	-	-
2.	ditto		296	-	-	3.	ditto		2,000	-	-
3.	ditto		269,161	10	6	4.	ditto		5,750	-	-
4.	ditto		6,608	14	4	5.	ditto		584	13	-
6.	ditto		23,512	15	8	6.	ditto		71	14	6
8.	ditto		20,010	-	-	7.	ditto		21,786	1	10
9.	ditto		17,360	10	2	9.	ditto		18,700	-	-
10.	ditto		2,267	19	9	10.	ditto		1,500	-	-
11.	ditto		30,276	10	10	11.	ditto		160	-	-
12.	ditto		22,556	-	-	12.	ditto		3,200	-	-
13.	ditto		47,911	5	4	13.	ditto		3,930	-	-
15.	ditto		90,985	13	7	14.	ditto		3,325	12	-
16.	ditto		9,522	5	4	16.	ditto		8,975	-	-
17.	ditto		3,628	-	-	17.	ditto		480	-	-
18.	ditto		10,334	13	8	18.	ditto		435	-	-
19.	ditto		14,529	18	7	19.	ditto		3,868	14	2
20.	ditto		28,166	14	10	20.	ditto		300	-	-
22.	ditto		152	2	-	21.	ditto		1,410	-	-
23.	ditto		2,544	-	-	23.	ditto		5,110	-	-
24.	ditto		15,552	3	9	24.	ditto		1,000	-	-
25.	ditto		8,753	-	-	25.	ditto		557	14	9
26.	ditto		12,319	5	11	26.	ditto		680	-	-
27.	ditto		45,991	8	2	27.	ditto		797	-	-
29.	ditto		17,505	9	5	28.	ditto		1,007,929	9	8
March 1.	ditto		17,775	15	10	30.	ditto		13,455	1	-
2.	ditto		1,200	-	-	31.	ditto		160	-	-
3.	ditto		262,770	16	6	June 2.	ditto		1,600	-	-
4.	ditto		12,635	19	8	3.	ditto		2,043	11	9
5.	ditto		17,737	1	2	4.	ditto		250	-	-
7.	ditto		13,521	11	2	6.	ditto		725	17	1
8.	ditto		22,224	3	1	7.	ditto		1,000	-	-
10.	ditto		2,230	-	-	8.	ditto		11,900	-	-
11.	ditto		5,772	11	6	9.	ditto		1,090	10	6
12.	ditto		16,000	-	-	10.	ditto		756	-	-
14.	ditto		6,321	-	-	11.	ditto		8,681	2	1
15.	ditto		8,350	-	-	13.	ditto		6,805	17	6
16.	ditto		9,500	-	-	14.	ditto		5,029	-	10
17.	ditto		4,402	-	-	15.	ditto		3,136	-	3
18.	ditto		3,791	8	-	16.	ditto		6,987	19	11
19.	ditto		7,728	13	2	17.	ditto		650	-	-
21.	ditto		17,556	17	3	18.	ditto		8,905	5	-
22.	ditto		2,385	-	-	20.	ditto		5,103	10	4
23.	ditto		1,660	-	-	21.	ditto		2,691	14	8
24.	ditto		92,986	2	6	22.	ditto		3,105	-	-
25.	ditto		3,319	12	6	23.	ditto		1,350	-	-
26.	ditto		3,758	19	5	25.	ditto		23,884	19	4
28.	ditto		31,055	-	-	27.	ditto		7,900	-	-
29.	ditto		5,518	13	1	28.	ditto		38,982	6	6
30.	ditto		8,805	3	-	29.	ditto		800	-	-
31.	ditto		1,000	-	-	30.	ditto		578	10	-
April 1.	ditto		1,900	11	1	July 1.	ditto		1,000	-	-
2.	ditto		10,932	13	10	2.	ditto		8,147	13	-
4.	ditto		5,621	-	-	5.	ditto		898	6	6
5.	ditto		2,671	10	3	6.	ditto		2,171	3	7

1796.			1796.		
July 7.			October 4.		
To Amount of BILLS PAID			To Amount of BILLS PAID		
£. s. d.			£. s. d.		
5,841 19 -			236 - -		
8.	-	ditto	5.	-	ditto
9.	-	ditto	6.	-	ditto
11.	-	ditto	8.	-	ditto
12.	-	ditto	10.	-	ditto
13.	-	ditto	11.	-	ditto
14.	-	ditto	12.	-	ditto
15.	-	ditto	13.	-	ditto
16.	-	ditto	14.	-	ditto
18.	-	ditto	15.	-	ditto
19.	-	ditto	17.	-	ditto
20.	-	ditto	18.	-	ditto
21.	-	ditto	19.	-	ditto
22.	-	ditto	20.	-	ditto
23.	-	ditto	21.	-	ditto
25.	-	ditto	22.	-	ditto
26.	-	ditto	24.	-	ditto
27.	-	ditto	25.	-	ditto
28.	-	ditto	26.	-	ditto
29.	-	ditto	27.	-	ditto
30.	-	ditto	28.	-	ditto
			29.	-	ditto
			31.	-	ditto
August 1.	-	ditto			
2.	-	ditto	November 1.	-	ditto
3.	-	ditto	2.	-	ditto
4.	-	ditto	3.	-	ditto
5.	-	ditto	4.	-	ditto
6.	-	ditto	5.	-	ditto
8.	-	ditto	7.	-	ditto
9.	-	ditto	8.	-	ditto
10.	-	ditto	9.	-	ditto
11.	-	ditto	10.	-	ditto
12.	-	ditto	11.	-	ditto
13.	-	ditto	12.	-	ditto
15.	-	ditto	14.	-	ditto
16.	-	ditto	15.	-	ditto
17.	-	ditto	16.	-	ditto
18.	-	ditto	17.	-	ditto
19.	-	ditto	18.	-	ditto
20.	-	ditto	19.	-	ditto
22.	-	ditto	21.	-	ditto
23.	-	ditto	22.	-	ditto
24.	-	ditto	23.	-	ditto
25.	-	ditto	24.	-	ditto
26.	-	ditto	25.	-	ditto
27.	-	ditto	26.	-	ditto
29.	-	ditto	28.	-	ditto
30.	-	ditto	29.	-	ditto
31.	-	ditto	30.	-	ditto
September 1.	-	ditto	Dec. 1.	-	ditto
3.	-	ditto	2.	-	ditto
5.	-	ditto	3.	-	ditto
6.	-	ditto	5.	-	ditto
7.	-	ditto	6.	-	ditto
8.	-	ditto	7.	-	ditto
9.	-	ditto	8.	-	ditto
10.	-	ditto	9.	-	ditto
12.	-	ditto	10.	-	ditto
13.	-	ditto	12.	-	ditto
14.	-	ditto	13.	-	ditto
15.	-	ditto	14.	-	ditto
16.	-	ditto	15.	-	ditto
17.	-	ditto	16.	-	ditto
19.	-	ditto	17.	-	ditto
20.	-	ditto	19.	-	ditto
21.	-	ditto	20.	-	ditto
22.	-	ditto	21.	-	ditto
23.	-	ditto	22.	-	ditto
24.	-	ditto	23.	-	ditto
26.	-	ditto	24.	-	ditto
27.	-	ditto	26.	-	ditto
28.	-	ditto	27.	-	ditto
29.	-	ditto	28.	-	ditto
30.	-	ditto	29.	-	ditto
			30.	-	ditto
October 1.	-	ditto	31.	-	ditto
3.	-	ditto			

1797. January 2.	To Amount of BILLS PAID - - -	£. s. d.	1797. February 1.	To Amount of BILLS PAID - - -	£. s. d.
3.	- - ditto - -	2,855 - -	2.	- - ditto - -	1,850 - -
4.	- - ditto - -	4,455 9 8	3.	- - ditto - -	101,034 4 -
5.	- - ditto - -	455 13 3	4.	- - ditto - -	9,519 1 5
6.	- - ditto - -	600 - -	6.	- - ditto - -	14,563 - -
7.	- - ditto - -	797 4 5	7.	- - ditto - -	23,883 6 11
9.	- - ditto - -	1,123 7 -	8.	- - ditto - -	4,908 17 7
10.	- - ditto - -	470 - -	9.	- - ditto - -	19,635 18 5
11.	- - ditto - -	3,200 - -	10.	- - ditto - -	25 - -
12.	- - ditto - -	210 - -	11.	- - ditto - -	9,687 12 7
13.	- - ditto - -	100 - -	13.	- - ditto - -	1,570 - -
14.	- - ditto - -	153,624 6 6	14.	- - ditto - -	4,054 9 -
16.	- - ditto - -	2,387 3 10	15.	- - ditto - -	2,627 9 8
17.	- - ditto - -	12,481 7 7	16.	- - ditto - -	7,090 - -
18.	- - ditto - -	154,270 - -	18.	- - ditto - -	15,198 4 3
19.	- - ditto - -	3,716 2 -	20.	- - ditto - -	18,125 2 10
20.	- - ditto - -	300 - -	21.	- - ditto - -	4,271 19 -
21.	- - ditto - -	13,700 - -	22.	- - ditto - -	1,921 3 -
23.	- - ditto - -	4,777 3 4	23.	- - ditto - -	4,292 17 1
24.	- - ditto - -	1,000 - -	24.	- - ditto - -	12,000 - -
25.	- - ditto - -	590 - -	25.	- - ditto - -	17,575 - -
26.	- - ditto - -	14,872 10 -			£. 15,058,617 9 -
28.	- - ditto - -	6,380 15 9			
31.	- - ditto - -	1,126 18 2			

1795. February 23.	By Amount of RE- PAYMENT of Treas- ury Bills of Exchange	£. s. d.	1796. February 5.	By Amount of RE- PAYMENT of Treas- ury Bills of Exchange	£. s. d.
April 9.	- - ditto - -	795,283 1 7	15.	- - ditto - -	864 - -
May 7.	- - ditto - -	1,046,359 18 11	16.	- - ditto - -	216,715 3 9
11.	- - ditto - -	100,000 - -	19.	- - ditto - -	15 8 6
12.	- - ditto - -	11,335 - -	27.	- - ditto - -	97,691 15 10
16.	- - ditto - -	179,013 3 1	March 4.	- - ditto - -	163,725 7 5
21.	- - ditto - -	1,536 - -	5.	- - ditto - -	249,590 16 6
23.	- - ditto - -	7,156 - -	7.	- - ditto - -	71,776 - 5
June 8.	- - ditto - -	15,240 - -	12.	- - ditto - -	42 11 6
9.	- - ditto - -	89,395 - -	23.	- - ditto - -	191,789 14 9
12.	- - ditto - -	8,253 - -	April 4.	- - ditto - -	882 9 6
13.	- - ditto - -	582,853 - 9	5.	- - ditto - -	500 - -
18.	- - ditto - -	1,627 - -	19.	- - ditto - -	610 - -
26.	- - ditto - -	341,544 19 8	May 28.	- - ditto - -	902,466 - 5
27.	- - ditto - -	100 - -	July 9.	- - ditto - -	345 12 6
July 9.	- - ditto - -	8,036 7 7	14.	- - ditto - -	4,144 - -
10.	- - ditto - -	3,263 - -	30.	- - ditto - -	817,296 18 10
August 27.	- - ditto - -	47,869 11 4	September 1.	- - ditto - -	100,000 - -
28.	- - ditto - -	573,614 6 1	16.	- - ditto - -	50,000 - -
September 1.	- - ditto - -	40,757 6 9	November 9.	- - ditto - -	494,067 - 9
8.	- - ditto - -	312,702 4 8	10.	- - ditto - -	114,584 3 11
9.	- - ditto - -	318,780 14 6	22.	- - ditto - -	441,901 19 1
28.	- - ditto - -	355,989 11 7	December 5.	- - ditto - -	200,021 10 6
October 3.	- - ditto - -	3,450 - -	1797. February 10.	- - ditto - -	273,724 10 7
27.	- - ditto - -	328,453 8 1	23.	- - ditto - -	50,077 7 2
Dec. 24.	- - ditto - -	905,051 8 4			£. 13,546,343 6 9
31.	- - ditto - -	674,102 15 8			By BALANCE due to the Bank the
1796. January 5.	- - ditto - -	782,598 11 6			25th February 1797 - - -
February 3.	- - ditto - -	586,697 6 10			£. 1,512,274 2 3
4.	- - ditto - -	200,000 - -			£. 15,058,617 9 -

Appendix, No. 12.

Bank of England, 30th March 1797.

AN ACCOUNT of the Amount of all Advances for Bills of Exchange accepted by order of the Treasury, made payable and paid at the Bank, and not repaid on the 1st of January 1795; and of the further Advances, and of the Repayments, from the 1st of January 1795 to the 26th of February 1797.

Appendix,
N° 12.

	£.	s.	d.
Due to the Bank on the 1st of January 1795 -	1,979,296	9	9
Advanced for Bills, from the 1st of January 1795 to the 26th of February 1797 -	13,079,320	19	3
£.	15,058,617	9	-
Amount of repayments between the 1st of Jan. 1795 and the 26th of February 1797 -	13,546,343	6	9
Balance due to the Bank on the 26th of Feb. 1797 -	1,512,274	2	3
£.	15,058,617	9	-

A. Newland, Chief Cashier.

Appendix, No. 13.

AN ACCOUNT of the Quantity of Coffee imported into Great Britain in the last three years.

Appendix,
N° 13.

	Cwts.	qrs.	lbs.
1794 - - - - -	278,088	1	5
1795 - - - - -	360,038	-	8
1796 - - - - -	317,583	3	-

Inspector General's Office,
Custom-house, London,
29th March 1797.

Thomas Irving,
Inspector General of the Imports and
Exports of Great Britain.

Appendix, N° 14.

COPY of Notice given by the Bank, relative to their Discounts, in 1795.

Appendix,
N° 14.

At a Court of Directors at the Bank, on Thursday the 31st December 1795.

Resolved, That the following notice be stuck up in the Discount Office:

Bank of England, 31st December 1795.

Pursuant to an order of the Court of Directors, notice is hereby given,

That no Bills will be taken in for discounts at this Office after twelve o'clock at noon, or Notes after twelve o'clock on Wednesdays.

That in future, whenever the Bills sent in for discount shall in any day amount to a larger sum than it shall be resolved to discount on that day, a pro rata proportion of such Bills in each parcel as are not otherwise objectional, will be returned to the person sending in the same, without regard to the respectability of the party sending in the Bills, or the solidity of the Bills themselves.

The same regulation will be observed as to the Notes.

Robt Best, Assist. Sec.

Appendix, N^o 15.Appendix,
N^o 15.

AN ACCOUNT of the Total Amount of the Debt due from Government to the Bank, on the 25th of February, in the years 1780, 1781, 1782, 1783, and 1784, with the computed Interest.

					Principal.	Interest.
					£.	£.
1780	-	-	-	-	8,750,900	184,000
1781	-	-	-	-	8,188,800	177,000
1782	-	-	-	-	9,991,600	180,000
1783	-	-	-	-	9,629,000	246,000
1784	-	-	-	-	7,565,800	287,000

Appendix, N^o 16.Appendix,
N^o 16.

AN ACCOUNT of the Quantity and Value of Corn, distinguishing each kind imported into Great Britain in the year ending the 5th January 1797.

					Quantity.		Value.		
					Qrs.	Bush.	£.	s.	d.
Barley	-	-	-	-	37,468	7	31,513	16	-
Beans	-	-	-	-	35,203	2	24,787	11	6
Oats	-	-	-	-	740,348	1	444,208	18	7
Oatmeal	-	-	-	-	11,472	5	25,368	10	11
Pease	-	-	-	-	32,669	1	33,566	19	10
Rye	-	-	-	-	157,802	4	220,102	1	3
— Meal	-	-	-	-	Cwt. 11,611	qrs. 1	lb. 13	4,354	5 3
Wheat	-	-	-	-	Qrs. 814,265	Bush. 2		1,890,278	17 4
— Flour	-	-	-	-	Cwt. 264,469	qrs. 1	lb. 14	89,491	8 6
Indian	-	-	-	-	Qrs. 22,410	Bush. 1		11,205	1 3
— Meal	-	-	-	-	Cwt. 20,651	qrs. 2	lb. 22	3,097	9 1

* N. B.—The above are the Official Estimates.

Inspector General's Office,
Custom-house, London, 3d April 1797. }Thomas Irving,
Inspector General of the Imports and Exports
of Great Britain and the British Colonies.

Appendix, No. 17.

Appendix,
N^o 17.

Bank of England, April 1st, 1797.

AN ACCOUNT of the Manner in which the Payments are made by the Bank at the Exchequer.

ALL Payments at the Exchequer are made by the three Clerks of the Bank of England, who attend there daily, and who give credit to Accounts kept at the Bank, or pay the various services in Bank Notes or Cash; and at the close of the business of each day receive Exchequer Bills from the Tellers, as far as the amount in thousands, and for the fractional sums in Cash. All Receipts at the Exchequer on account of the Public are taken by the Bank's Clerks, who, at the close of the business of the day, return the amount to the Tellers in Exchequer Bills of 1,000*l.* each, and the fractional sums in Cash.

A. Newland, Chief Cashier.

Appendix, N° 18.

RESOLUTIONS of a Committee of Merchants, on the subject of Discounts.

Appendix
N° 18.

At a numerous Meeting of the Merchants of the City of London, held at the London Tavern the 16th day of March 1797;

Mr. Alderman LUSHINGTON in the Chair,

Resolved, That it is the opinion of this Meeting, that the accommodation afforded to the trade of the kingdom by the Bank of England, in discount of Bills and Notes, has been found very inadequate to the present extended commerce of the country.

Resolved, That it is the opinion of this Meeting, that without an extension of the circulating medium of the kingdom, by discount of mercantile Bills and Notes, that the general commerce of the country will be exposed to the most serious, immediate, and alarming evils.

Resolved, That it is the opinion of this Meeting, that the recent mark of confidence reposed in the Bank of England, by the respectable associations formed for receiving their Notes, notwithstanding the Order of Council of the 26th of February, has given the Merchants and Traders a fair claim to reasonable and necessary accommodation.

At a numerous Meeting of Merchants, held at the London Tavern on Friday the 24th day of March 1797;

Mr. Alderman LUSHINGTON in the Chair,

Resolved, That it is the opinion of this Meeting, that, exclusive of the internal consumption of the country, the capital employed in the export and import trade of Great Britain, has amounted, upon an average of the last six years, to forty-five millions per annum.

Resolved, That it is the opinion of this Meeting, founded upon their own individual experience, and confirmed by fair and obvious reasoning upon commercial principles, that there is at all times, at the least, two months supply of export and import merchandize, in the custody of the Merchants and Traders.

Resolved, That it is the opinion of this Meeting, that an accommodation, by discount to the value of such proportion of the export and import trade, is both reasonable and necessary, and may be afforded without risk to those who discount Bills of Exchange, representing and secured by such property in the hands of the Merchants and Traders.

Resolved, That the Chairman be desired to send a copy of the above Resolutions to the Bank Directors, and to request a conference.

Resolved, That Mr. INGLIS, Mr. PETRIE, Mr. HUNTER, and Mr. BRICKWOOD, be desired to attend the Chairman at such conference.

At a Meeting of Merchants, held at the London Tavern on Friday the 31st March 1797;

Mr. Alderman LUSHINGTON in the Chair,

Resolved, That the Committee, having adverted to the Resolutions passed at the Meeting on the 24th of this month, they think it necessary to resume the consideration of the same; and although well satisfied with the sentiments declared on the matter of the said Resolutions by the Bank Directors, they are of opinion, that it is important to the mercantile interest of the country, not in the view of individual accommodation, but upon admitted public principles, that the practice of discounts should be extended to and continued upon the scale stated in the Resolutions of the 24th of March; and that therefore, if the Bank of England be incompetent to afford this necessary and reasonable aid, it will be requisite that some other public establishment should be created to supply the deficiency; at the same time anxiously wishing that this assistance to the commerce of the country may be derived through the old and customary channel, the Bank of England.

Resolved, That the Chairman be desired to send a copy of the above Resolution, together with the Resolutions passed at the Meeting of the 24th of this month, to the Minister, and to request a conference.

Resolved, That Mr. PETRIE, Mr. INGLIS, Mr. BRICKWOOD, and Mr. HUNTER, be desired to attend the Chairman at such conference.

Appendix, N° 19.

EXCHANGES on HAMBURGH in the year 1796.

Appendix,
N° 19.

January	- -	32/8.	and	33/4.	July	- -	33/7.	and	33/9.
February	- -	33/6.	and	33/.	August	- -	33/11.	and	33/7.
March	- -	33/2.	and	34/.	September	- -	33/7.	and	34/.
April	- -	34/6.	and	35/4.	October	- -	34/.	and	34/8.
May	- -	33/4.	and	34/3.	November	- -	34/6.	and	34/1.
June	- -	34/.	and	33/9.	December	- -	34/6.	and	35/6.

AN ACCOUNT, as far as it can be made out, of the Sums of Money paid for Expenses Abroad in each Year since the beginning of the War ; distinguishing the several Services, and distinguishing the Money expended on the Continent of Europe.

	1793.			1794.			1795.			1796.			TOTAL.		
	£.	s.	d.	£.	s.	d.	£.	s.	d.	£.	s.	d.	£.	s.	d.
Bills drawn on the Lords of the Treasury from the Continent of Europe	551,511	16	10	2,317,289	7	10	3,354,817	17	8	187,631	5	7	6,411,230	7	11
D° drawn on D° from the other parts of the World	110,409	16	3	861,176	13	1	1,900,550	14	1	4,279,457	7	7	7,151,594	11	-
Bills drawn on the Paymasters General from the Continent of Europe	67,000	-	-	240,000	-	-	127,500	-	-	-	-	-	434,500	-	-
D° drawn on D° from the other parts of the World	305,645	10	8	510,743	-	-	747,390	7	9	1,030,319	9	8	2,594,098	8	1
Remittances made by the Paymasters General to the Continent of Europe	-	-	-	-	-	-	100,000	-	-	-	-	-	100,000	-	-
D° made by D° to the other Parts of the World	90,566	5	10	9,999	18	8	42,333	6	8	32,528	-	-	175,427	11	2
Bills drawn on the Office of Ordnance from the Continent of Europe	25,060	10	2	72,000	4	10	45,368	-	9	16,830	-	-	159,260	15	9
D° drawn on D° from the other Parts of the World	107,193	16	2	96,633	8	2	109,409	15	6	147,446	5	9	460,683	5	7
Bills drawn on the Navy Office from the Continent of Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
D° drawn on D° from the other Parts of the World ; and Bills issued for Stores of Foreign Growth	566,480	6	7	810,391	15	8	1,418,762	9	9	1,419,725	-	8	4,215,359	12	8
Specie sent to the Cape of Good Hope by the Commissioners of the Navy	-	-	-	-	-	-	-	-	-	5,000	-	-	5,000	-	-
Bills drawn on the Victualling Office from the Continent of Europe	3,032	9	3	3,088	8	4	7,235	18	5	20,411	1	2	33,767	17	2
D° drawn on D° from the other Parts of the World	51,390	9	7	286,128	7	8	403,587	14	4	537,039	15	-	1,278,146	6	7
Amount of Provisions and Victualling Stores sent to the Continent of Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Amount of D° and D° sent to the other Parts of the World	62,141	7	2	109,032	10	8	102,203	11	7	327,209	7	6	600,586	16	11
Bills drawn on the Transport Board from the Continent of Europe	-	-	-	910	6	8	206,186	19	2	3,574	16	6	210,672	2	4
D° drawn on D° from the other Parts of the World	-	-	-	3,866	2	2	72,426	16	2	167,698	14	4	243,991	12	8
Bills drawn on the Commissioners for Sick and Wounded Seamen, for the Service of Prisoners of War from the Continent of Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
D° drawn on D° from the other Parts of the World, for the Service of ditto	11,880	5	6	80,083	8	11	83,634	8	8	61,911	19	11	237,510	3	-
D° drawn on D° for the Service of Sick and Wounded Seamen from the Continent of Europe	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
D° drawn on D° from the other Parts of the World, for the Service of D°	16,962	4	8	43,313	16	-	38,641	19	7	58,441	16	7	155,359	16	10
Amount of Prussian Subsidy	-	-	-	1,223,891	10	6	-	-	-	-	-	-	1,223,891	10	6
Amount of Sardinian Subsidy	150,000	-	-	150,000	-	-	150,000	-	-	50,000	-	-	500,000	-	-
Amount of Sums paid for Foreign Emigrant Corps	651,475	15	11	1,267,161	19	10	1,503,140	17	2	568,473	7	4	3,990,252	-	3
Amount of Foreign Secret Service, deducting 25,000 l. a year paid out of the Civil List	14,481	8	6	24,335	18	-	148,068	4	2	158,194	5	4½	345,079	16	½
Purchase of Neutral Cargoes	-	-	-	225,543	8	5	478,977	11	7	1,580,023	7	9	*2,284,544	7	9
£.	2,785,232	3	1	8,335,593	5	5	11,040,236	13	-	10,649,916	-	8½	32,810,977	2	2½

* From the above Sum of 2,284,544 l. 7 s. 9 d. should be deducted the Sum of 942,608 l. 7 s. 2 d. being either Sums paid on account of Government, the Produce of Neutral Cargoes already sold, or the Value of such Cargoes delivered for the Service of Government.

Whitehall, Treasury Chambers, }
the 12th April 1797.

Charles Long.

Appendix, N° 21.

The Average AMOUNT of Bank Notes for every Three Months in the Years 1790,
1791, 1792, 1793, 1794, 1795, and 1796.

Appendix,
N° 21.

1790.	£.	1794.	£.
January to March - - -	10,245,280	January to March - - -	11,159,720
April to June - - -	11,160,590	April to June - - -	10,366,450
July to September - - -	11,348,700	July to September - - -	10,343,940
October to December - - -	11,510,270	October to December - - -	10,927,970
1791.		1795.	
January to March - - -	11,601,950	January to March - - -	12,432,240
April to June - - -	12,060,620	April to June - - -	10,912,680
July to September - - -	11,764,680	July to September - - -	11,034,790
October to December - - -	11,225,840	October to December - - -	11,608,670
1792.		1796.	
January to March - - -	11,239,170	January to March - - -	10,824,150
April to June - - -	11,765,280	April to June - - -	10,770,200
July to September - - -	11,316,790	July to September - - -	9,720,440
October to December - - -	11,157,040	October to December - - -	9,645,710
1793.			
January to March - - -	11,963,820		
April to June - - -	12,100,650		
July to September - - -	10,938,620		
October to December - - -	10,967,310		

Appendix, N° 22.

The Weekly AMOUNT of Bank Notes out in Circulation, from the end of June 1796
to 11th March 1797 inclusive.

Appendix,
N° 22.

1796.	£.	1796.	£.
July - - 2d. - - -	9,635,290	November 3d. - - -	9,695,530
9th. - - -	10,257,990	12th. - - -	9,655,670
16th. - - -	10,713,460	19th. - - -	9,748,540
23d. - - -	9,678,580	26th. - - -	9,914,970
30th. - - -	9,788,480	December 3d. - - -	9,854,410
August - 6th. - - -	10,078,810	10th. - - -	9,485,390
13th. - - -	10,122,150	17th. - - -	9,273,380
20th. - - -	9,632,960	24th. - - -	9,201,630
27th. - - -	9,427,510	31st. - - -	9,204,500
September 3d. - - -	9,502,230	1797.	
10th. - - -	8,818,170	January - 7th. - - -	9,185,520
17th. - - -	8,988,680	14th. - - -	9,893,340
24th. - - -	9,409,050	21st. - - -	10,550,830
October - 1st. - - -	9,560,340	28th. - - -	10,024,740
8th. - - -	9,387,570	February - 4th. - - -	9,667,480
15th. - - -	9,894,140	11th. - - -	9,431,550
22d. - - -	9,880,180	18th. - - -	9,137,950
29th. - - -	9,744,510	25th. - - -	8,640,250
		March - 4th. - - -	10,416,520
		11th. - - -	10,388,640

Appendix, N° 23.

Appendix,
N° 23.AN ACCOUNT of the Value of Corn imported into Great Britain, and Corn exported,
from the 5th January 1793 to the 25th March 1797.

YEAR.	VALUE of CORN Imported.	Of CORN in detained Ships.	PRIZE CORN.	TOTAL
	£. s. d.	£. s. d.	£. s. d.	£. s. d.
1793 - -	1,410,326 14 11	- - - -	37,734 19 11	1,448,061 14 10
1794 - -	1,088,366 5 1	- - - -	195,036 12 6	1,283,402 17 7
1795 - -	728,076 13 7	128,288 16 7	774 7 -	857,139 17 2
1796 - -	2,166,842 5 4	17,050 15 2	3,333 18 6	2,187,226 19 -
	VALUE of FOREIGN CORN Exported.	PRIZE CORN.	VALUE of BRITISH CORN Exported.	TOTAL
	£. s. d.	£. s. d.	£. s. d.	£. s. d.
1793 - -	87,754 3 3	2,877 - -	79,770 7 1	170,401 10 4
1794 - -	128,195 4 1	70,645 19 4	117,031 5 1	315,872 8 6
1795 - -	4,113 9 -	- - - -	42,700 5 9	46,813 14 9
1796 - -	7,937 - 3	- - - -	62,474 15 4	70,411 15 7

Note.—The above Account is prepared only to the 5th of January 1797; no Accounts having been received from the Out Ports of a later Date.

The Corn imported into, and exported from, England, is estimated at the following Rates of Value, being the Ancient Estimates of the Inspector General's Office.

	Inwards.	Foreign Corn Outwards.	British Corn Outwards.
Wheat - - - at - -	32/ per Qr.	40/ per Qr.	27/ per Qr.
Rye - - - - -	28/ ditto	25/ ditto	18/6 ditto.
Oats - - - - -	12/ ditto	13/ ditto	10/6 ditto.
Barley - - - - -	17/ ditto	13/ ditto	13/ ditto.
Beans - - - - -	14/ ditto	30/ ditto	13/ ditto.

Inspector General's Office,
Custom-house, London,
17th April 1797.

Thomas Irving,
Inspector General of the Imports and
Exports of Great Britain.

Appendix, N° 21.

The Average AMOUNT of Bank Notes for every Three Months in the Years 1790,
1791, 1792, 1793, 1794, 1795, and 1796.

Appendix,
N° 21.

1790.	£.	1794.	£.
January to March - - -	10,245,280	January to March - - -	11,159,720
April to June - - -	11,160,590	April to June - - -	10,366,450
July to September - - -	11,348,700	July to September - - -	10,343,940
October to December - - -	11,510,270	October to December - - -	10,927,970
1791.		1795.	
January to March - - -	11,601,950	January to March - - -	12,432,240
April to June - - -	12,060,620	April to June - - -	10,912,680
July to September - - -	11,764,680	July to September - - -	11,034,790
October to December - - -	11,225,840	October to December - - -	11,608,670
1792.		1796.	
January to March - - -	11,239,170	January to March - - -	10,824,150
April to June - - -	11,765,280	April to June - - -	10,770,200
July to September - - -	11,316,790	July to September - - -	9,720,440
October to December - - -	11,157,040	October to December - - -	9,645,710
1793.			
January to March - - -	11,963,820		
April to June - - -	12,100,650		
July to September - - -	10,938,620		
October to December - - -	10,967,310		

Appendix, N° 22.

The Weekly AMOUNT of Bank Notes out in Circulation, from the end of June 1796
to 11th March 1797 inclusive.

Appendix,
N° 22.

1796.	£.	1796.	£.
July - - 2d. - - -	9,635,290	November 3d. - - -	9,695,530
9th. - - -	10,257,990	12th. - - -	9,655,670
16th. - - -	10,713,460	19th. - - -	9,748,540
23d. - - -	9,678,580	26th. - - -	9,914,970
30th. - - -	9,788,480	December 3d. - - -	9,854,410
August - 6th. - - -	10,078,810	10th. - - -	9,485,390
13th. - - -	10,122,150	17th. - - -	9,273,380
20th. - - -	9,632,960	24th. - - -	9,201,630
27th. - - -	9,427,510	31st. - - -	9,204,500
September 3d. - - -	9,502,230	1797.	
10th. - - -	8,818,170	January - 7th. - - -	9,185,520
17th. - - -	8,988,680	14th. - - -	9,893,340
24th. - - -	9,409,050	21st. - - -	10,550,830
October - 1st. - - -	9,560,340	28th. - - -	10,024,740
8th. - - -	9,387,570	February - 4th. - - -	9,667,460
15th. - - -	9,894,140	11th. - - -	9,431,550
22d. - - -	9,880,180	18th. - - -	9,137,950
29th. - - -	9,744,510	25th. - - -	8,640,250
		March - 4th. - - -	10,416,520
		11th. - - -	10,388,640

Appendix, N° 23.

Appendix,
N° 23.AN ACCOUNT of the Value of Corn imported into Great Britain, and Corn exported,
from the 5th January 1793 to the 25th March 1797.

YEAR.	VALUE of CORN Imported.	Of CORN in detained Ships.	PRIZE CORN.	TOTAL
	£. s. d.	£. s. d.	£. s. d.	£. s. d.
1793 - -	1,410,326 14 11	- - - -	37,734 19 11	1,448,061 14 10
1794 - -	1,088,366 5 1	- - - -	195,036 12 6	1,283,402 17 7
1795 - -	728,076 13 7	128,288 16 7	774 7 -	857,139 17 3
1796 - -	2,166,842 5 4	17,050 15 2	3,333 18 6	2,187,226 19 -
	VALUE of FOREIGN CORN Exported.	PRIZE CORN.	VALUE of BRITISH CORN Exported.	TOTAL
	£. s. d.	£. s. d.	£. s. d.	£. s. d.
1793 - -	87,754 3 3	2,877 - -	79,770 7 1	170,401 10 4
1794 - -	128,195 4 1	70,645 19 4	117,031 5 1	315,872 8 6
1795 - -	4,113 9 -	- - - -	42,700 5 9	46,813 14 9
1796 - -	7,937 - 3	- - - -	62,474 15 4	70,411 15 7

Note.—The above Account is prepared only to the 5th of January 1797; no Accounts having been received from the Out Ports of a later Date.

The Corn imported into, and exported from, England, is estimated at the following Rates of Value, being the Ancient Estimates of the Inspector General's Office.

	Inwards.	Foreign Corn Outwards.	British Corn Outwards.
Wheat - - - at - -	32/ per Qr.	40/ per Qr.	27/ per Qr.
Rye - - - - -	28/ ditto	25/ ditto	18/6 ditto.
Oats - - - - -	12/ ditto	13/ ditto	10/6 ditto.
Barley - - - - -	17/ ditto	13/ ditto	13/ ditto.
Beans - - - - -	14/ ditto	30/ ditto	13/ ditto.

Inspector General's Office,
Custom-house, London,
17th April 1797.

Thomas Irving,
Inspector General of the Imports and
Exports of Great Britain.

REPORT from the Committee of Secrecy upon the Restriction on PAYMENTS IN CASH by The Bank.

THE COMMITTEE of SECRECY, appointed to inquire whether it may be expedient further to continue the Restriction contained in Two Acts made in the last Session of Parliament, respecting Payments in Cash by The Bank ;—**HAVE** inquired accordingly, and agreed upon the following **REPORT** ; *viz.*—

YOUR Committee have, in the first place, examined the total Amount of Outstanding Demands on the Bank of England, and of the Funds for discharging the same ; and find, from the examination of the Governor and Deputy Governor of the Bank, and the Documents produced by them, that the total Amount of Outstanding Demands on the Bank was, on the 11th day of this instant November, £. 17,578,910 ; and that the total Amount of the Funds for discharging the same (without including the permanent debt due from Government, of £. 11,686,800, which bears an interest of three per cent.) was, on the same day, £. 21,418,460 ; leaving a balance of Surplus in favour of the Bank (exclusive of the above-mentioned debt from Government) of £. 3,839,550.

Your Committee next proceeded to examine the principal Articles of which the above-mentioned sum of £. 21,418,460, being the credit side of the Account, is made up, with a view of ascertaining how far the Bank might be enabled to resume its accustomed payments in Cash, in case the Restriction at present subsisting should be removed ; and Your Committee find, that the Advances to Government have, on the one hand, been so much reduced, since the 25th of February last, as to amount on the said 11th day of this instant November, to no more than the sum of £. 4,258,140, while, on the other hand, the Cash and Bullion in the Bank have increased to an amount more than five times the value of that at which they stood on the same 25th of February last, and much above that at which they have stood at any time since the beginning of September 1795.

Your Committee further find, that the Course of Exchange with Hamburgh is, at present, unusually favourable to this Country, and that, from the situation of our Trade, there is good reason to imagine it will so continue, unless political Circumstances should occur to affect it.

Your Committee next proceeded to examine the Governor and Deputy Governor of the Bank, as to their opinion of the inconvenience which may have arisen from the Restriction imposed on the Bank from making payment in Cash, and of the expediency of continuing such Restriction ; and Your Committee find, that they are not aware of any such inconvenience, and that they are supported in that idea, by knowing that the Bankers and Traders of London, who had a right by the Act of Parliament to demand three-fourths of any Deposit in Cash which they had made in the Bank, of £. 500 or upwards, have only claimed about one-sixteenth ; and Your Committee find, that the Court of Directors of the Bank did, on the 26th of October 1797, come to a Resolution, a copy of which is subjoined to this Report.

Your Committee having further examined the Governor and Deputy Governor, as to what may be meant by the political Circumstances mentioned in that Resolution, find, that they understand by them, the state of Hostility in which the Nation is still involved, and particularly such Apprehensions as may be entertained of Invasion, either in Ireland or this Country, together with the possibility there may be of Advances being to be made from this Country to Ireland ; and that from those Circumstances so explained, and from the nature of the War, and the avowed purpose of the Enemy to attack this Country by means of its public Credit, and to distress it in its financial Operations, they are led to think that it will be expedient to continue the Restriction now subsisting, with the reserve for partial issues of Cash, at the discretion of the Bank, of the nature of that contained in the present Acts ; and that it may be so continued, without injury to the credit of the Bank, and with advantage to the Nation.

Your Committee, therefore, having taken into consideration the general situation of the Country, are of opinion, that notwithstanding the affairs of the Bank, both with respect to the general balance of its Accounts, and its capacity of making payments in Specie, are in such a state that it might with safety resume its accustomed Functions, under a different state of public Affairs ; yet, that it will be expedient to continue the Restriction now subsisting on such Payments, for such time, and under such limitations, as to the wisdom of Parliament may seem fit.

17 November 1797.

Copy of a Resolution of the Court of Directors of the Bank.

“ At a Court of Directors, at the Bank, on Thursday the 26th October 1797 ;

“ *Resolved*, That it is the opinion of this Court, That the Governor and Company of the Bank of England are enabled to issue Specie, in any manner that may be deemed necessary for the accommodation of the Public ; and the Court have no hesitation to declare, that the affairs of the Bank are in such a state, that it can with safety resume its accustomed Functions, if the political Circumstances of the Country do not render it inexpedient : but the Directors deeming it foreign to their province to judge of these points, wish to submit to the wisdom of Parliament, whether, as it has been once judged proper to lay a Restriction on the Payments of the Bank in Cash, it may, or may not, be prudent to continue the same ?”

R E P O R T
FROM THE
SELECT COMMITTEE
ON
P R O M I S S O R Y N O T E S
IN
SCOTLAND AND IRELAND.

*Ordered, by The House of Commons, to be Printed,
26 May 1826.*

REPORT	-	-	-	-	-	-	-	-	-	-	-	-	p. 3.
APPENDIX	-	-	-	-	-	-	-	-	-	-	-	-	p. 19.

R E P O R T.

THE SELECT COMMITTEE appointed to inquire into the state of the Circulation in PROMISSORY NOTES under the Value of Five Pounds in *Scotland* and *Ireland*, and to report their Observations and Opinion thereupon to The House, with reference to the expediency of making any alteration in the Laws now in force relating thereto; and to whom the several Petitions relating to the Currency of *Scotland* and *Ireland* were referred;—HAVE, pursuant to the Order of The House, inquired accordingly; and have agreed to the following REPORT.

AS it appears to Your Committee to be advisable to consider the state of Circulation in *Scotland* separately from that in *Ireland*, they will, in the first instance, report the result of the inquiries which they have made with reference to the case of *Scotland*.

THE first notice of Banking in *Scotland*, which occurs in the Statute Book, is an Act of King William the Third, passed in the year 1695, under which the Bank of Scotland was established. By this Act an exclusive privilege of Banking was conferred upon that Bank; it being provided, “that for the period of twenty-one years from the 17th July 1695, it should not be lawful for any other persons to set up a distinct Company of Bank within the kingdom of *Scotland*, besides those persons in whose favour this Act is granted.” No renewal of the exclusive privilege took place after the expiration of the twenty-one years.

The Bank of Scotland first issued Notes of twenty shillings in the year 1704; but the amount of notes in circulation previously to the Union was very limited.

The Bank of Scotland continued the only Bank from the date of its establishment in 1695 to the year 1727.

In that year a charter of incorporation was granted to certain individuals named therein, for carrying on the business of Banking, under the name of the Royal Bank; and subsequent charters were granted to this Establishment, enlarging its capital, which now amounts to one million and a half.

An Act, passed in the year 1765, is the first and most important Act of the Legislature, which regulates the issue of Promissory Notes in Scotland.

It appears from its preamble, that a practice had prevailed in Scotland of issuing notes which circulated as specie, and which were made payable to the bearer on demand, or payable at the option of the issuer at the end of six months, with a sum equal to the legal interest from the demand to that time.

The Act of 1765 prohibits the issue of notes, in which such an option as that before mentioned is reserved to the issuer. It requires that all notes of the nature of a bank-note, and circulating like specie, should be paid on demand; and prohibits the issue of any promissory note of a sum less than twenty shillings.

With respect to the issue of promissory notes in *England*, an Act was passed in 1775, prohibiting the issue of any such note under the sum of twenty shillings; and, in the year 1777, restraints were imposed by law on the issue of notes

notes between the sum of twenty shillings and five pounds, which were equivalent to the prohibition of such notes circulating as specie.

In the year 1797, when the Restriction as to payments in Cash was imposed upon the Bank of England, the provisions of the Act of 1777, with regard to the issue of notes between twenty shillings and five pounds, were suspended. By an Act passed in the third year of His present Majesty, the suspension was continued until the 5th January 1833, but now stands limited by an Act of the present Session to the 5th of April 1829.

The general result of the Laws regulating the Paper Currency in the two countries respectively is this :—

That in *Scotland* the issue of Promissory Notes payable to the bearer on demand, for a sum of not less than twenty shillings, has been at all times permitted by law ; nor has any Act been passed limiting the period for which such issue shall continue legal in that country. In *England* the issue of Promissory Notes for a less sum than five pounds was prohibited by law from the year 1777 to the period of the Bank Restriction in 1797. It has been permitted since 1797, and the permission will cease as the law at present stands in April 1829.

Your Committee will proceed to give a general view, deduced from the examination of Witnesses, and from the Documents called for by the Committee, of the Laws which regulate the business of Banking in *Scotland*, and of the mode in which it is at present conducted.

The general provisions of the law of Scotland bearing upon this subject are calculated to promote the solidity of Banking establishments, by affording to the Creditor great facilities for ascertaining the pecuniary circumstances of individual partners, and by making the private Fortunes of those partners available for the discharge of the obligations of the Bank with which they are connected.

There is no limitation upon the number of Partners of which a Banking Company in Scotland may consist, and, excepting in the case of the Bank of Scotland and the two chartered Banks, which have very considerable capitals, the partners of all Banking Companies are bound jointly and severally, so that each partner is liable, to the whole extent of his fortune, for the whole debts of the Company. A Creditor in Scotland is empowered to attach the real and heritable, as well as the personal estate of his debtor, for payment of personal debts, among which may be classed debts due by Bills and Promissory Notes ; and recourse may be had, for the purpose of procuring payment, to each description of property at the same time.

Execution is not confined to the real property of a debtor merely during his life, but proceeds with equal effect upon that property after his decease.

The law relating to the establishment of Records, gives ready means of procuring information with respect to the real and heritable estate of which any person in Scotland may be possessed. No purchase of an estate in that country is secure until the seisine (that is, the instrument certifying that actual delivery has been given) is put on record, nor is any mortgage effectual until the deed is in like manner recorded.

In the case of conflicting pecuniary Claims upon real property, the preference is not regulated by the date of the transaction, but by the date of its record. These records are accessible to all persons, and thus the public can with ease ascertain the effective means which a Banking Company possesses of discharging its obligations ; and the partners in that company are enabled to determine, with tolerable accuracy, the degree of risk and responsibility to which the private property of each is exposed.

There

There are other provisions of the law of Scotland which it is not necessary minutely to detail, the general tendency of which is the same with those above mentioned.

THERE are at present thirty-two Banks in Scotland, three of which are incorporated by Act of Parliament, or by Royal Charter, viz.—The Bank of Scotland, The Royal Bank of Scotland, and the Bank called The British Linen Company.

The National Bank of Scotland has 1,238 partners.

The Commercial Bank of Scotland has 521.

The Aberdeen Town and County Bank has 446.

Of the remaining Banks there are three in which the number of partners exceeds 100; six in which the number is between 20 and 100; and seventeen in which the number falls short of 20.

The greater part of the Scotch Banks have Branches in connection with the principal Establishment, each Branch managed by an Agent acting under the immediate directions of his employers, and giving security to them for his conduct.

The Bank of Scotland had, at the date of the last Return received by Your Committee, sixteen Branches, established at various periods between the years 1774 and the present.

The British Linen Company had twenty-seven branches.

The Commercial Banking Company in Edinburgh, thirty-one.

The total number of Branches established in various parts of Scotland, from the Southern Border to Thurso, the most northerly point at which a Branch Bank exists, is one hundred and thirty-three.

Speaking generally, the business of a Scotch Bank consists chiefly in the receipt and charge of sums deposited with the Bank, on which an interest is allowed, and in the issue of promissory notes upon the discount of bills, and upon advances of money made by the Bank upon what is called a Cash Credit.

The interest allowed by a Bank upon deposits varies from time to time, according to the current rate of interest which money generally bears. At present the interest allowed upon deposits is four per cent.

It has been calculated that the aggregate amount of the sums deposited with the Scotch Banks amounts to about twenty or twenty-one millions. The precise accuracy of such an estimate cannot of course be relied on. The witness by whom it was made thought that the amount of deposits could not be less than sixteen millions, nor exceed twenty-five millions, and took an intermediate sum as the probable amount.

Another witness who had been connected for many years with different Banks in Scotland, and has had experience of their concerns at Stirling, Edinburgh, Perth, Aberdeen and Glasgow, stated that more than one half of the deposits in the Banks with which he had been connected were in sums from ten pounds to two hundred pounds.

Being asked what class of the community it is that makes the small deposits, he gave the following answer, from which it appears that the mode of conducting this Branch of the banking business in Scotland has long given to that country many of the benefits derivable from the establishment of Saving Banks.

“ Question.—What class of the community is it that makes the smaller deposits?”

“ Answer.—They are generally the labouring classes in towns like Glasgow.

“ In country places, like Perth and Aberdeen, it is from servants and fishermen,

“ and just that class of the community, who save from their earnings, in mere trifles, small sums, till they come to be a bank deposit. There is now a facility for their placing money in the Provident Banks, which receive money till the deposit amounts to ten pounds. When it comes to ten pounds it is equal to the minimum of a bank deposit. The system of banking in Scotland is just an extension of the Provident Bank system. Half-yearly or yearly those depositors come to the Bank and add the savings of their labour, with the interest that has accrued upon the deposits from the previous half year or year, to the principal; and in this way it goes on without being at all reduced, accumulating till the depositor is able either to buy or build a house, when it comes to be one or two or three hundred pounds, or till he is able to commence business as a master in the line in which he has hitherto been a servant. A great part of the depositors of the Bank are of that description, and a great part of the most thriving of our farmers and manufacturers have arisen from such beginnings.”

On sums advanced by the Banks on the discount of bills of exchange, and upon Cash Credits, an interest of five per cent is at present charged.

A Cash Credit is an undertaking on the part of a Bank to advance to an individual such sums of money as he may from time to time require, not exceeding in the whole a certain definite amount, the individual to whom the credit is given entering into a bond with securities, generally two in number, for the repayment on demand of the sums actually advanced, with interest upon each issue from the day on which it is made.

Cash Credits are rarely given for sums below one hundred pounds; they generally range from two to five hundred pounds, sometimes reaching one thousand pounds, and occasionally a larger sum.

The Bank allows the party having the Cash Credit to liquidate any portion of his debt to the Bank, at any time that may suit his convenience, and reserves to itself the power of cancelling, whenever it shall think fit, the credit granted.

With the view of ascertaining the total amount of the Paper Currency of Scotland at different periods, and of estimating the variations in its amount, a letter was addressed by the Chairman of the Committee to each Bank in Scotland, requesting information as to the amount of notes issued below and above five pounds, and outstanding at certain given periods.

The Banks were informed that this communication would be considered by the Chairman as one entirely of a confidential nature; that he would make no disclosure of the amount of the issues of any single Bank; but collect from the Returns the general result, and present that result to the Committee.

An answer has been received to this communication from all the Banks in Scotland, with one exception. Some of the Banks that have made Returns have not been able to distinguish the notes under and above five pounds: where that distinction has not been made, the proportions have been estimated by a computation framed upon the proportions that appear in the Returns of those Banks which were enabled to distinguish their notes below five pounds from those above that sum, and the result is stated in red ink.

Three of the Banks from which Returns have been received, have omitted to state the amount of their present circulation: that circulation has been taken, in the subjoined general Estimate, on an average between the highest and the lowest amount of the aggregate circulation of those Banks respectively during 1825.

Subject to the foregoing explanation, the following is the General Account, deduced from the Return made by each Bank, of the Paper Circulation of Scotland at the different periods referred to in that Account.

ount in the Years 1815, 1821, 1823,
ade up; distinguishing the Amount of

TOTAL.	— 1825. —		
	£. 5. and Upwards.	Under £. 5.	TOTAL.
2,278,787	1,118,896	1,572,828	2,691,724
1,718,901	827,825	1,163,663	1,991,488
3,997,688	1,946,721	2,736,491	4,683,212
1,645,119	752,461	1,200,025	1,952,486
1,214,896	570,900	910,623	1,481,613
2,860,015	1,323,451	2,110,648	3,434,099

ed by the Banks who did make

IT will be seen from the above Return, that the present amount of the Paper Currency of Scotland, being in fact (with the exception of Silver) nearly the whole currency of that country, is computed to be three million three hundred and nine thousand pounds, of which two million and seventy-nine thousand pounds are in notes below five pounds.

It has been calculated by Dr. Adam Smith, that the amount of Gold and Silver Coin current in Scotland before the Union, and then constituting nearly the whole circulation of the country, was about one million sterling. He observes, that the amount of silver coin brought into the Bank of Scotland for the purpose of being re coined, immediately after the Union, was four hundred and eleven thousand pounds sterling; and that it appears from the ancient Records of the Mint in Scotland, that the value of the gold annually coined somewhat exceeded the annual coinage of the silver. He calculates, therefore, the total amount of gold and silver in circulation about the year 1707, at one million.

The same authority, speaking of the year 1775, estimates the whole circulation of Scotland at that time to be about two millions, "of which," he observes, "that part which consists in gold and silver most probably does not amount to half a million."

Your Committee trust that they have not improperly outstepped the limits of their duty, in submitting to the House this brief review of the Laws by which the business of Banking in Scotland is regulated, and of the mode in which it is at present conducted; it is a subject not adverted to in the Reports of previous Committees, and it appeared therefore to Your Committee that it might be convenient to prefix a general account of the Banking Establishments and Currency of Scotland to their observations on that important question, which was the more immediate object of the reference made to Your Committee.

They consider that question in substance to be, whether Scotland shall be permitted to retain the privilege which she has hitherto had, of maintaining a Paper Circulation for sums between twenty shillings and five pounds; or whether she shall be required at some period, to be now ascertained by law, to provide, in the same manner in which England has been called upon to provide, a Metallic Currency?

Although the promissory notes issued in Scotland are convertible into gold at the will of the holder, yet it appears to Your Committee to be proved by experience, that the permission to issue notes of an amount sufficiently low to perform the office of coin will practically exclude that coin from circulation, notwithstanding that such notes may be payable at the will of the holder; and it must be assumed, that under the operation of the law, now applicable to the two countries respectively, England will, after the year 1829, have a Metallic Circulation for the payment of all sums below five pounds, and Scotland a circulation of Paper alone, for all payments of not less than twenty shillings.

Whether this state of things can be allowed to exist consistently, with equal justice to the inhabitants of the two countries—whether the stability of the present system of paper currency in Scotland can be ensured if coin be not in circulation as its basis—whether that system can co-exist with a metallic currency in England, without deranging the currency of this country, are the important considerations which must be maturely weighed before a final decision can be satisfactorily pronounced.

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The presumption, on general principles, appears to Your Committee to be in favour of an extension to other parts of the United Kingdom of the rule which it has been determined to apply to England. Provision would thus be made for equally apportioning among all parts of the Empire that charge, which is inseparable in the first instance from the substitution of a metallic in the room of a paper currency. The wider the field over which a metallic circulation is spread, the greater will be the security against its disturbance from the operation of internal or external causes, and the lighter on any particular part will be the pressure incidental to a sudden contraction of currency. The business of Banking, and probably of all other commercial transactions connected with it, would be conducted on a more equal footing, in respect to profit, under a system of currency common to all parts of the Empire, than under one which should confine to particular portions of it the privilege of issuing a certain description of paper. In proportion as the offence of coining shall be found to be more difficult of execution, and to be less frequently committed than the offence of forgery, in that degree, upon moral considerations, will a metallic circulation be preferable to one of paper.

These appear to Your Committee to be the principal reasons in favour of extending to Scotland a system of currency which the Legislature has resolved to re-establish in England, reasons which seem decisive in favour of such an extension, unless they can be countervailed by the proof of some peculiar circumstances in the condition of Scotland, justifying a special exception in her behalf, and by a strong presumption that such an exception can be admitted without prejudice to the interests of other parts of the Empire.

The main object of the witnesses from Scotland, who were examined before Your Committee, has been to prove the claim of Scotland to this exception. Their opinion, with very slight shades of difference, is decidedly adverse to any change in the laws which have so long regulated the issue of promissory notes in that country. In estimating, however, the weight due to their opinions as authority, it ought to be borne in mind that a great part of the witnesses from Scotland were gentlemen immediately connected with some of the Banks in that country, subject therefore to the prepossessions which naturally spring from a long connection with existing establishments, and from a warm interest in the continuance of their prosperity.

It is not improbable that had the time permitted it, Your Committee would have extended still further their inquiries; and they deem it on that account the more incumbent upon them to state the general nature of the testimony upon which they have come to their present conclusions.

The witnesses examined by Your Committee with reference to the state of the Circulation in Scotland, were seven gentlemen standing in various relations to some of the Banks in Scotland;—

Mr. Kirkman Finlay, a merchant at Glasgow :

Mr. Gibson Craig, a writer to the signet in Edinburgh :

Mr. Hadden, a manufacturer in Aberdeen :

Lieutenant Colonel Campbell, factor to the Duke of Argyle.

Mr. Gladstone, a member of the House :

Mr. Moss, a banker of Liverpool; and

Mr. Birkbeck, a banker in the West Riding of Yorkshire,

were examined as to the manner of conducting the business of Banking and commercial transactions connected with it, in Lancashire. Mr. Gladstone was enabled also to give evidence upon some points relating to the circulation and commerce of Scotland.

Three of the Directors of the Bank of England gave their evidence, chiefly as to the bearing which a paper circulation in Scotland might have upon the interests

interests of the Bank of England, after the re-establishment of a metallic currency in this country.

The grounds relied upon by the witnesses from Scotland, to prove that it is neither necessary nor expedient to alter the laws which permit the issue of small notes in that country, appear to be the following:—

That these laws, so far as they relate to notes between the sum of twenty shillings and five pounds, payable on demand, have remained unaltered since the first institution of banking in Scotland.

That coincident with the present system of currency, if not immediately owing to its effects, there has been a great and progressive increase in the manufactures, the agriculture, the commerce, the population, and the general wealth of the country.

That during the civil commotions of the last century, in the rebellions of 1715 and 1745, the confidence in paper securities in Scotland was not shaken; and that the Scotch Banks maintained their stability, and were not called upon for any extraordinary issue of gold in exchange for their notes, during the shocks to which mercantile credit was exposed in this country in the years 1793, 1797, and more recently, in 1825. That it cannot be assumed, therefore, that a circulation of specie is necessary in Scotland for the purpose of guarding against the effects of sudden panic.

That while Scotland had a paper currency for the discharge of all sums above twenty shillings, England had at least, for twenty years previously to the Bank restriction, a currency consisting of the precious metals, to the exclusion by law of notes below five pounds. That these different systems co-existed, and that no proof can be adduced that the paper circulation of Scotland displaced or interfered, in any material degree, with the metallic currency of England.

That from the date of the first establishment of a Bank in Scotland to the present time, the instances of the actual failure of a Scotch Bank have been extremely rare, and that there have been only two instances in which the creditors did not ultimately receive the whole amount of the principal and interest of their debt.

Lastly, that the inducement to the Scotch Banks to continue their Branch Banks in many remote parts of the country in which they now exist, would be destroyed; and that the whole system of deposits and cash credits would be most materially affected, if the Banks were compelled to forego the profit now derived from the issue of notes below five pounds.

For the opinions in detail of the witnesses from Scotland, on these and other points connected with the small-note Circulation in that country, Your Committee must refer to the Evidence annexed to this Report. So far as the interests of the Bank of England are concerned, it will be seen that the Directors of that Bank, who were examined before Your Committee, urge no objection to the continuance of the present system in Scotland, provided that the paper circulation of Scotland can be effectually restrained within the limits of that country.

Upon a review of the Evidence tendered to Your Committee, and forming their judgment upon that evidence, Your Committee cannot advise that a Law should now be passed, prohibiting, from a period to be therein determined, the future issue in Scotland of notes below five pounds.

There are, in the opinion of Your Committee, sufficient grounds in the experience of the past, for permitting another trial to be made of the compatibility of a Paper Circulation in Scotland with a circulation of Specie in this country.

Looking at the amount of Notes current in Scotland below the value of five pounds, and comparing it with the total amount of the Paper Currency of that country, it is very difficult to foresee the consequences of a law which should prohibit the future issue of Notes constituting so large a proportion of the whole circulation.

Your Committee are certainly not convinced that it would affect the Cash Credits to the extent apprehended by some of the witnesses; but they are unwilling, without stronger proof of necessity, to incur the risk of deranging, from any cause whatever, a system admirably calculated, in their opinion, to economize the use of Capital, to excite and cherish a spirit of useful Enterprise, and even to promote the moral habits of the People, by the direct inducements which it holds out to the maintenance of a character for industry, integrity and prudence.

At the same time that Your Committee recommend that the system of Currency, which has for so long a period prevailed in Scotland, should not under existing circumstances be disturbed, they feel it to be their duty to add, that they have formed their judgment upon a reference to the past, and upon the review of a state of things which may hereafter be materially varied by the increasing wealth and commerce of Scotland, by the rapid extension of her commercial intercourse with England, and by the new circumstances that may affect that intercourse after the re-establishment of a metallic currency in this country.

Apart from these general considerations, bearing upon the conclusion at which they have arrived, there are two circumstances to which Your Committee must more particularly advert.

It is evident that if the small Notes issued in Scotland should be current beyond the Border, they would have the effect, in proportion as their circulation should extend itself, of displacing the Specie, and even in some degree the local Currency of England. Such an interference with the system established for England, would be a manifest and gross injustice to the Bankers of this part of the Empire. If it should take place, and if it should be found impossible to frame a Law consistent with sound and just principles of legislation, effectually restricting the circulation of Scotch Notes within the limits of Scotland, there will be, in the opinion of Your Committee, no alternative, but the extension to Scotland of the Principle which the Legislature has determined to apply to this country.

The other circumstance to which Your Committee meant to refer, as bearing materially upon their present decision, will arise in the event of a considerable increase in the crime of Forgery.

Your Committee called for Returns of the number of prosecutions and convictions for Forgery, and the offence of passing forged Notes during the last twenty years in Scotland, which Returns will be found in the Appendix.

There appear to have been during that period no prosecutions for the crime of Forgery; to have been eighty-six prosecutions for the offence of issuing forged Promissory Notes,—fifty-two convictions; and eight instances in which the capital sentence of the law has been carried into effect.

It

It ought not to escape observation, that out of the total number of prosecutions for issuing forged Notes in the last twenty years, thirty-eight have been instituted in the years 1823, 1824, and 1825; a fact which seems to warrant the apprehension that the crime of Forgery is upon the increase in Scotland. It ought, however, to be observed, that the Return does not specify whether the forged Notes, for the issue of which prosecutions have taken place, were in all instances notes of the Bank of Scotland. It is possible, therefore, that some of the Prosecutions may have been directed against forgeries committed on the Bank of England, or on Banks other than the Banks of Scotland.

Your Committee will here close their Observations with respect to the Circulation of Scotland. They are well aware of the great advantage that would result from being enabled, in a matter of this nature, to express a clear and decisive opinion, unembarrassed by any qualification or reserve; but they consider it to be their duty, in a complicated question that involves many important considerations, and upon which the decision must be subject to future contingencies, to present the whole of those Considerations fairly to the House, and to qualify their present conclusions by a reference to possible circumstances, by the occurrence of which they might be materially affected.

IRELAND.

WITH respect to the circulation of *Ireland*, the inquiries of Your Committee have been less extensive than those which they have instituted with respect to Scotland.

The first Law in Ireland which restrained the negotiation of promissory notes, was an Act passed in the Irish Parliament in the year 1799.

The preamble recites, that various notes, bills of exchange, and drafts for money, have been for some time past circulated in lieu of cash, to the great prejudice of trade and public credit; and that many of such notes are made payable under certain terms with which the poorer classes of manufacturers and others cannot comply, unless by submitting to great extortion and abuse. It adds, that the issue of such notes has very much tended to increase the pernicious crime of forgery; and the Act proceeds to apply to notes between the value of five pounds and twenty shillings, similar restrictions to those which had been applied to such notes issued in England, by the Act which passed in the year 1777. It permits however, during the suspension of cash payments by the Bank of Ireland, the issue of bank post-bills, bills of exchange and drafts under certain regulations, for any sums not less than three guineas. This Act did not extend to the Bank of Ireland.

In 1805 this, and some other Acts which had passed in the interim relating to the issue of small notes, were repealed, and notes under twenty shillings, which had been previously permitted under certain regulations by the Act of 1799, were declared void.

There is at present no law in force imposing any limitation to the period for which notes for a sum not less than twenty shillings may be issued in Ireland.

A tolerably correct estimate of the amount of Promissory Notes above and below five pounds circulating in Ireland, may be formed from the subjoined Returns made by the Bank of Ireland, and by other Banks at present established in that country.

BANK OF IRELAND NOTES.

— 1. —

AN ACCOUNT of the average Amount of the Bank of Ireland Notes of Five Pounds and upwards, (including Bank Post Bills), for the Years 1820, 1821, 1822, 1823, 1824 and 1825.

Irish Currency.

Notes and Post Bills of Five Pounds and upwards	-	-	-	-	-	£. 3,646,660. 19. 6.
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— 2. —

AN ACCOUNT of the average Amount of the Bank of Ireland Notes under the value of Five Pounds, (including Bank Post Bills), for the Years 1820, 1821, 1822, 1823, 1824 and 1825.

Irish Currency.

Notes and Post Bills under the value of Five Pounds	-	-	-	-	-	£. 1,643,828. 0. 5.
---	---	---	---	---	---	---------------------

And Highest and Lowest Amount in
which the Account can be made up;

		— 1825. —		
	TOTAL.	£. 5. and Upwards.	Under £. 5.	TOTAL.
Highest A	1,185,417	106,605	1,359,054	1,465,659
Lowest A	775,119	65,987	854,126	920,113

six only issue Notes.

Bank to be usually in circulation ; two

1877-78

IT will appear from the Evidence, that a practice prevails in Ireland of issuing Notes for the payment of sums between one and two pounds, for three guineas, and other fractional sums.

Your Committee see no public advantage arising out of this practice, and they are of opinion that it ought to be discontinued, as it tends to dispense with the necessity of Silver Coin, and practically to exclude it from circulation.

Your Committee hesitate, in the present imperfect state of their information, to pronounce a decisive opinion upon the general Measures which it may be fitting to adopt with respect to the Paper Currency of Ireland.

Although they are inclined to think that it would not be advisable to take any immediate step for the purpose of preventing the issue of small Notes in Ireland, their impression undoubtedly is, that a Metallic Currency ought, ultimately, to be the basis of the circulation in that country.

It will probably be deemed advisable to fix a definite, though not an early period, at which the Circulation in Ireland of all Notes below five pounds shall cease; and it is deserving of consideration, whether Measures might not be adopted in the interim for the purpose of ensuring such a final result, by gradual, though cautious, advances towards it.

26 May 1826.

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- N^o 15.—*Ireland*:—Return of the quantity of Notes of £. 1. and Upwards, which have been stamped from the 5th of February to the 6th of March 1826; distinguishing the Number that have been stamped of each description, and distinguishing also those stamped for Banks of more than Six Partners - - - - - p. 38
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APPENDIX.

Appendix, N° 1.

Appendix,
N° 1.

AN ACCOUNT of all Companies of Banks in Scotland, the Date of their Establishment, and the Branches belonging to each.

Number of Companies.	NAME OF COMPANY.	DATE of Establishment.	BRANCHES.	Number of Branches.
1.	Bank of Scotland - -	17 July 1695 -	Dumfries - - - 1774 Kelso - - - 1774 Inverness - - - 1775 Ayr - - - 1775 Stirling - - - 1776 Aberdeen - - - 1780 Dumfermline - - - 1781 Haddington - - - 1783 Perth - - - 1784 Kirkcaldy - - - 1785 Kirkcudbright - - - 1790 St. Andrew's - - - 1792 Glasgow - - - 1793 Stonehaven - - - 1825 Leith - - - 1825 Fort William - - - 1825	16
2.	Royal Bank of Scotland -	July 1727 -	Glasgow - - - 1783	1
3.	Ramsay and Bonaro - - -	- - 1738 -	- - - none.	
4.	British Linen Company - -	- - 1746 -	Annan - - - Arbroath - - - Castle Douglas - - - Coldstream - - - Cupar - - - Dumfries - - - Dunbar - - - Dundee - - - Dunse - - - Elgin - - - Forres - - - Glasgow - - - Haddington - - - Hamilton - - - Hawick - - - Jedburgh - - - Inverness - - - Kingsmuir - - - Leith - - - Montrose - - - Newton Stewart - - - Peebles - - - Perth - - - Selkirk - - - Stranraer - - - Tain - - - Wigton - - -	27
5.	Carrick, Brown Company, Glasgow - - -	- - 1749 -	- - - none.	
6.	Thistle Bank, Glasgow - -	- - 1761 -	- - - none.	
7.	Perth Banking Company -	7 May 1766 -	Dunkeld - - - Crieff - - - Auchtermuchty - - - Cupar Angus - - - Inverness - - -	5

Appendix,
No. 1.

An Account of all Companies of Banks in Scotland, &c.—continued.

Number of Companies.	NAME OF COMPANY.	DATE of Establishment.	BRANCHES.	Number of Branches.
8.	Aberdeen Banking Company	1 Jan. 1767 -	Peterhead - - - - Fraserburgh - - - - Banff - - - - Elgin - - - - Keith - - - - Huntley - - - -	6
9.	Hunters & Company, Ayr -	Oct. 1773 -	Irvine - - - 1786 Maybole - - - 1791 Kilnarnock - - - 1821	3
10.	Dundee Banking Company -	1 Aug. 1777 -	- - - none.	
11.	Stirling Banking Company -	- - 1777 -	Alloa - - - 1825 Kinross - - - 1825	2
12.	Commercial Bank, Aberdeen	- - 1778 -	- - - none.	
13.	Paisley Banking Company -	July 1783 -	Glasgow - - - - Irvine - - - - Stranraer - - - - Alloa - - - -	4
14.	Greenock Banking Company	June 1785 -	Glasgow - - - - Port Glasgow - - - - Rothesay - - - -	3
15.	Thomas Allan & Company -	- - 1785 -	- - - no branch.	
16.	Falkirk Banking Company -	15 May 1787 -	Glasgow - - - -	1
17.	Paisley Union Banking Com- pany - - - - }	- - 1788 -	Glasgow } Hamilton } Agencies - - - Beith }	3
18.	Leith Banking Company -	- - 1792 -	Callander - - - 1794 Galashiels - - - 1801 Dalkeith - - - 1808 Longholm - - - 1822	4
19.	Renfrewshire Banking Com- pany - - - - }	2 April 1802 -	Inverary - - - - Campbelton - - - - Rothesay - - - - Glasgow - - - - Port Glasgow - - - -	5
20.	Fife Banking Company - }	Aug. 1802, dis- continued 1825.		
21.	Dundee New Bank - - -	May 1802 -	Forfar - - - -	1
22.	Dundee Union Bank - - -	Feb. 1809 -	Arbroath - - - - Montrose - - - - Brechin - - - - Forfar - - - -	4
23.	Glasgow Banking Company -	May 1809 -	Kirkcaldy - - - -	1
24.	Commercial Banking Com- pany, Edinburgh - - - }	- 25 Mar. 1810 -	Dalkeith - - - 1811 Leith - - - - Tain - - - - Crieff - - - - Kirkcaldy - - - 1812 Aberdeen - - - - Annan - - - - Cupar - - - 1813	8

Account of all Companies of Banks in Scotland, &c.—*continued*.Appendix,
N^o 1.

Number of Companies.	NAME OF COMPANY.	DATE of Establishment.	BRANCHES.	Number of Branches.
24.	Commercial Banking Com- pany, Edinburgh— <i>continued</i> }	- 25 Mar. 1810 -	Dunkeld - - - 1813 Thurso - - - — Peterhead - - - — Beith - - - 1814 Glasgow - - - — Banff - - - — Falkirk - - - 1820 Kilmarnock - - - 1821 Coldstream - - - 1822 Kelso - - - — Lanark - - - — Dunfermline - - - 1823 Alloa - - - — Campbeltown - - - 1824 Paisley - - - 1825 Elgin - - - — Hawick - - - — Wick - - - — Stirling - - - — Inverness - - - — Dunbarton - - - — Dumfries - - - — Musselburgh - - - —	23
25.	Montrose Bank - - -	- 3 Feb. 1814 -	Arbroath - - - - Brechin - - - -	2
26.	National Bank of Scotland -	- 21 Mar. 1825 -	Dalkeith - - - 1825 Dumfries - - - — Banff - - - — Kirkcaldy - - - — Leith - - - 1826 Bathgate - - - — Galashiels - - - — Kirkwall - - - —	8
27.	Dundee Commercial Bank -	March 1825 -	- - - none.	
28.	Aberdeen Town and County Bank - - - }	- 15 June 1825 -	Stonehaven - - - - Peterhead - - - - Keith - - - - Golspie - - - -	4
29.	Arbroath Banking Company	- 15 June 1825 -	Forfar - - - - Cupar Angus - - - -	2
	Sir William Forbes and Com- pany, Edinburgh - - - Perth Union Bank - - - }	Return sent to Secretary of State.		
Private Banking Companies who do not issue Notes : —				
1.	Thomas Kinnear & Sons, } Edinburgh - - - }	- 1748—9 -	- - - none.	
2.	Donald Smith & Company, } Edinburgh - - - }	- - - 1773 -	- - - none.	
3.	Robert Allan & Son, Edin- } burgh - - - }	- about 1776 -	- - - none.	

Appendix,
N° 2

Appendix, N° 2.

AN ACCOUNT of all Prosecutions in Scotland for the Forgery of Promissory Notes, or for the Issuing of Forged Promissory Notes, for the last twenty Years; distinguishing the Years, the Number of Convictions, and the Number of Instances in which the Capital Sentence was carried into Effect.

YEARS.	Number of Persons prosecuted for Forgery Promissory Notes.	Number of Persons prosecuted for Issuing Forged Promissory Notes.	HOW DISPOSED OF.					
			Sentenced to Death, and Executed.	Sentenced to Death, afterwards commuted to Transportation by Remission.	Transported by Sentence of Court, Pains of Law having been restricted by Prosecutor.	Imprisoned by Sentence of Court. Pains of Law restricted by Prosecutor.	Acquitted by Verdict, or Prosecution abandoned by Prosecutor.	Outlawed for Non-appearance.
1806	-	3	-	2	-	-	1	-
1807	-	-	-	-	-	-	-	-
1808	-	-	-	-	-	-	-	-
1809	-	-	-	-	-	-	-	-
1810	-	-	-	-	-	-	-	-
1811	-	-	-	-	-	-	-	-
1812	-	1	-	-	-	-	1	-
1813	-	4	-	-	4	-	-	-
1814	-	8	2	-	2	-	3	1
1815	-	1	-	-	-	-	1	-
1816	-	-	-	-	-	-	-	-
1817	-	9	1	-	5	-	3	-
1818	-	1	-	1	-	-	-	-
1819	-	4	-	-	3	-	-	1
1820	-	1	-	-	-	-	1	-
1821	-	9	2	1	4	-	2	-
1822	-	7	-	-	4	-	2	1
1823	-	13	2	3	5	-	2	1
1824	-	14	1	-	9	1	2	1
1825	-	11	-	-	6	2	2	1
	-	86	8	7	42	3	20	6

Prosecuted	-	-	-	-	-	-	-	86
Executed	-	-	-	-	-	-	-	8
Commuted to Transportation	-	-	-	-	-	-	-	7
Transported by Sentence	-	-	-	-	-	-	-	42
Imprisoned	-	-	-	-	-	-	-	3
Acquitted	-	-	-	-	-	-	-	20
Outlawed	-	-	-	-	-	-	-	6
								86

All which is humbly reported by me, Depute Clerk of Justiciary,

Edinburgh,
29th April 1826. }

Ja. Anderson.

Appendix, No. 3.

Copy of a MEMORIAL from certain Merchants of the City of *Dublin*, to the Treasury;
respecting the exclusive Privileges of the Bank of *Ireland*.

Appendix,
N° 3.

Whitehall, Treasury Chamber, }
17 Feb. 1826.

J. C. HERRIES.

To the Right Honourable the Lords Commissioners of His Majesty's Treasury.

THE MEMORIAL of the undersigned Merchants, Traders, and others, Inhabitants
of the City of *Dublin* and its Vicinity,—

Sheweth,

THAT by the Act forming the Bank of *Ireland*, it is enacted, "That no Company or Society
"exceeding Six in number (except the Bank of *Ireland*) shall borrow, owe, or take up Money,
"on their Bills or Notes, payable at demand, or at any less date than six months, from the
"borrowing thereof, under a Penalty of three times the issue."—(21 & 22 Geo. 3, c. 14.)

That in the year 1821 the above Act was modified, by the 1st and 2d Geo. 4. c. 72, so far as to
permit the establishment of Banking Companies exceeding Six in number, at a distance of 50
miles from *Dublin*, under certain conditions therein mentioned.

That in consequence of the ambiguity of said Act no Companies were formed under it, nor
until the year 1824, when an Act was passed to explain it, and carry its provisions into effect.
That the above Act was repealed last Session, and a further Explanatory Act was passed, under
which Provincial Banks have been established, at a distance of 50 miles from the City of *Dublin*,
issuing Notes payable at the place where issued.

That the said Act only goes to the extent of permitting the Establishment of Banks issuing
Notes payable on demand 50 miles from *Dublin*, thereby leaving the City of *Dublin*, and a circuit
of 50 miles, exposed to all the evils resulting from monopoly in so important a matter.

That although it is at present legal to establish such Companies, the prohibition annexed of not
issuing Bills or Notes payable on demand, or at a less date than six months, renders the liberty of
establishing such Banks inoperative, as without a power to issue notes payable on demand no Bank
in *Ireland* can realize common interest for the capital embarked, and the sphere of its utility is
bounded.

That the liberty of issuing Notes or Bills payable at six months after date, is also rendered
inoperative by the Stamp Acts in force, prohibiting the re-issue of such or any Post Bills, except
those of the Bank of *Ireland*, when once discharged, the effect of which prohibition makes such
an issue useless.

That at different times there have been several failures of Banking Establishments in *Dublin*,
which have, at the period at which they happened, and subsequent thereon, thrown the City into
the greatest distress, and have often occasioned a serious defalcation in the Public Revenue.

That under the present Banking Law there is no security to the Public that weak Banks may
not be again established in *Dublin*, and a reputation of failures occur; more especially as the Notes
of Private Banks in *Dublin* have at all times shared a considerable portion of the circulating
medium with that of the Bank of *Ireland*.

Your Memorialists therefore hope, that great benefits having been already rendered to *Ireland*
by a partial permission to establish Joint Stock Banks, that Your Lordships will extend the measure
by granting to *Dublin* the same privilege which has been already conferred upon the rest of the
kingdom; and for that purpose that Your Lordships will take into consideration, on great public
principles of policy, the expediency of entering into a new agreement or bargain with the Bank of
Ireland, so as to permit the establishment of Joint Stock Banks in the City of *Dublin*, with adequate
Capital, and under such regulations for the security of the Public, as to Your Lordships shall
seem fit.

Nich^s Mahon.
Isaac Stewart.
Rich^d & Mich^l O'Brien,
Ushers Quay.
Edw^d Moran, Thomas Street.
John Fitzpatrick,
Thomas Street.
Valentine O'Connor,
Great Denmark Street.
David Lynch,
Great Dominick Street.
Mich^l Roach, Townsend Street.
Hugh O'Connor,
Mount Joy Square.
John (name illegible.)
Corn. Mac Loughlin,
Ushers Island.
Mich^l Sweetman & Co.
Shaw & Turbetts.
J. Callaghan.
Luke Duff.

James Pim.
W^m Murphy.
Mich^l Conoran.
Rich^d O'Gorman, Ushers Quay.
Miles Staunton.
W^m Conlan.
John Byrne.
B. M'Dermott, 64, Fleet Street.
Christ^l M'Donnell.
Ja^s Edm^d Byrne.
Tho^s Reynolds,
Merchants Quay.
James A. Journeaux,
Arran Quay.
Dunne, Galavan & Peebles.
Charles Field, Prussia Street.
Jn^o M'Donnell & Co.
Gardiner Street.
Pat^k Hayes,
Westmoreland Street.

James Vance, 36, Cuff Street.
B—— & R——
(names illegible.)
Tho^s Berford.
Jam. Newman.
Dwyer & Troy.
Tho^s Donohoe & Co.
And^o Ennis.
Mich^l Walch.
John O'Brien.
John Sweetman.
Philip Molloy.
Peter Brophy.
A. White & Son.
James Murphy & Co.
Jn^o Reynolds & Son.
George Kearn.
Joseph Meara.
John Murphy.
Byrne & Whelan.

Appendix, N° 4.

(Ireland).—STAMPS DEPARTMENT.—AN ACCOUNT of the Number of COUNTRY BANKERS NOTES stamped in Ireland, in each Quarter of each Year from 1819 to 1825 inclusive, distinguishing the Notes of £. 5. and upwards, and under £. 5; and stating the total Aggregate Amount.

	Not amounting to £. 5.		Amounting to £. 5. and not amounting to £. 10.		Amounting to £. 10. and not amounting to £. 50.		Amounting to, and not exceeding £. 50. (Irish).		Exceeding £. 50. and not exceeding £. 100.		TOTAL VALUE.
	Number.	Estimated Value.	Number.	Estimated Value.	Number.	Estimated Value.	Number.	Estimated Value.	Number.	Estimated Value.	
Quarter ended		£.		£.		£.		£.		£.	£.
5th April - 1820	180,802	232,784	9,800	49,000	10,223	143,122	40	1,847	60	5,539	432,292
5th July - - -	73,700	94,889	16,400	82,000	9,100	127,400	200	9,230	-	-	313,519
10th October - -	60,467	77,851	100	500	-	-	-	-	-	-	78,351
5th January - 1821	120,400	155,014	500	2,500	200	2,800	-	-	50	4,616	164,931
Quarter ended								Total for the Year 1820			989,093
5th April - 1821	73,700	94,889	100	500	1,200	16,800	-	-	-	-	112,189
5th July - - -	11,000	14,163	-	-	200	2,800	-	-	-	-	16,963
10th October - -	88,201	113,558	4,200	21,000	4,346	60,844	75	3,402	24	2,216	201,080
5th January - 1822	181,140	233,217	1,400	7,000	400	5,600	-	-	-	-	245,817
Quarter ended								Total for the Year 1821			576,049
5th April - 1822	93,100	119,866	2,300	11,500	1,999	27,986	120	5,539	-	-	164,801
5th July - - -	53,060	68,314	1,800	9,000	700	9,800	-	-	-	-	87,114
10th October - -	97,910	126,059	3,100	15,500	3,250	45,500	-	-	-	-	187,059
5th January - 1823	90,500	116,519	2,800	14,000	2,990	40,600	-	-	100	9,231	180,350
Quarter ended								Total for the Year 1822			619,414
5th April - 1823	6,700	8,626	600	3,000	1,200	18,200	-	-	-	-	29,826
5th July - - -	32,900	42,358	1,700	8,500	600	8,400	-	-	-	-	59,258
10th October - -	89,703	115,493	1,500	7,500	2,800	39,200	30	1,385	20	1,846	165,424
5th January - 1824	140,998	181,536	2,000	10,000	1,225	17,150	-	-	-	-	208,686
Quarter ended								Total for the Year 1823			463,194
5th April - 1824	84,000	108,150	2,400	12,000	1,600	22,400	-	-	-	-	142,550
5th July - - -	196,608	163,000	2,400	12,000	3,600	50,400	200	9,230	-	-	234,030
10th October - -	119,400	153,727	2,000	10,000	2,000	28,000	-	-	-	-	191,727
5th January - 1825	339,600	437,235	9,200	46,000	5,000	70,000	-	-	-	-	553,235
Quarter ended								Total for the Year 1824			1,122,142
5th April - 1825	268,000	341,189	1,000	5,000	1,000	14,000	-	-	-	-	360,188
5th July - - -	60,600	78,023	200	1,000	900	12,600	-	-	-	-	91,623
10th October - -	247,399	318,524	5,100	25,500	2,400	33,600	-	-	-	-	377,024
5th January - 1826	640,487	824,626	22,514	112,570	21,700	393,800	500	23,077	300	15,000	1,279,973
Quarter ended								Total for the Year 1825			2,108,508

James Stanley,
Acting Comptroller.

Comptroller's Office, Stamps,
16th February 1826.

Appendix, N° 5.

AN ACCOUNT of the Number of Banks established in Scotland; distinguishing the Charter Banks, and the Number of Partners in such Banks as are not Chartered.

Appendix,
N° 5.

	NAMES OF FIRMS OF BANKS.	HEAD OFFICE at	Number of PARTNERS.
1.	Bank of Scotland	Edinburgh	Charter.
2.	Royal Bank of Scotland	D°	Charter.
3.	British Linen Company	D°	Charter.
4.	Aberdeen Banking Company	Aberdeen	80
5.	Aberdeen Town and Country Bank	D°	446
6.	Arbroath Banking Company	Arbroath	112
7.	Carrick, Brown & Co. or Ship Bank	Glasgow	3
8.	Commercial Banking Company of Scotland	Edinburgh	521
9.	Commercial Banking Company	Aberdeen	15
10.	Dundee Banking Company	Dundee	61
11.	Dundee New Bank	D°	6
12.	Dundee Commercial Bank	D°	202
13.	Dundee Union Bank	D°	85
14.	Exchange and Deposit Bank	Edinburgh	1
15.	Falkirk Banking Company	Falkirk	5
16.	Fife Banking Company	Cupar Fife	39
17.	Greenock Banking Company	Greenock	14
18.	Glasgow Banking Company	Glasgow	19
19.	Hunters & Co.	Ayr	8
20.	Leith Banking Company	Leith	15
21.	National Bank of Scotland	Edinburgh	1,238
22.	Montrose Bank	Montrose	97
23.	Paisley Banking Company	Paisley	6
24.	Paisley Union Bank	D°	4
25.	Perth Banking Company	Perth	147
26.	Perth Union Bank	D°	60
27.	Ramsays, Bonars & Company	Edinburgh	8
28.	Renfrewshire Banking Company	Greenock	6
29.	Shetland Bank	Lerwick	4
30.	Sir William Forbes & Company	Edinburgh	7
31.	Stirling Banking Company	Stirling	7
32.	Thistle Bank	Glasgow	6

Stamp Office, Edinburgh, }
13th February 1826. }

Certified,

Tho' Pender, jun' Comptroller.

Appendix, N° 6.

A RETURN of the Number of Country Banks in Scotland issuing Notes, that have become Bankrupts since January 1816, up to the present time; stating the Place where the Banks were established, the Number of Partners in each Bank, the Amount of Debts proved against each, and the Amount per cent of Dividends paid or declared upon each; as far as the same can be complied with.

Appendix,
N° 6.

THE only application for a Sequestration, under the Bankrupt Statute, applicable to Scotland, appearing from the Records of the Court of Session, to have occurred since the month of January 1816, against a Bank in Scotland issuing Notes, is one against the Falkirk Union Banking Company, carrying on business in the town of Falkirk, and county of Stirling, in the month of October 1816 years; whereof the Partners were six in number. The amount of the Debts proved being £. 51,009. 5s. 8d. sterling; and amount of the Dividends hitherto paid or declared being £. 45. per cent, or 9s. in the pound sterling of the Debts so proved.

Attested by

Robt Dundas, Clerk of Session.

Edinburgh, }
23d February 1826. }

Appendix, N^o 7. - - - -Appendix,
N^o 7.

(Ireland.)—AN ACCOUNT showing the Number and Value of the COUNTRY BANKERS NOTES, of the whole so Stamped; distinguishing, as far as can be made out, the Notes.

	Under £ 5.		Amounting to £. 5. and under £. 10.	
	Number Stamped.	Estimated Value.	Number Stamped.	Estimated Value.
		£.		£.
1820. Quarter ended 5th April - - -	180,802	232,784	9,800	49,000
5th July - - -	73,700	94,889	16,400	82,000
10th October - - -	60,467	77,851	100	500
5th January 1821 - - -	120,400	155,015	500	2,500
1821. Quarter ended 5th April - - -	73,700	94,889	100	500
5th July - - -	11,000	14,163	-	-
10th October - - -	88,201	113,558	4,200	21,000
5th January 1822 - - -	181,140	233,217	1,400	7,000
1822. Quarter ended 5th April - - -	93,100	119,866	2,300	11,500
5th July - - -	53,060	68,314	1,800	9,000
10th October - - -	97,910	126,059	3,100	15,500
5th January 1823 - - -	90,500	116,519	2,800	14,000
1823. Quarter ended 5th April - - -	6,700	8,626	600	3,000
5th July - - -	32,900	42,358	1,700	8,500
10th October - - -	89,703	115,493	1,500	7,500
5th January 1824 - - -	140,998	181,536	2,000	10,000
1824. Quarter ended 5th April - - -	84,000	108,150	2,400	12,000
5th July - - -	126,602	163,000	2,400	12,000
10th October - - -	119,400	153,727	2,000	10,000
5th January 1825 - - -	339,600	437,235	9,200	46,000
Note.—In the foregoing years there are no means of distinguishing the Notes stamped on account of Banks consisting of more than Six Partners.				
1825. Quarter ended 5th April:				
Banks consisting of less than Six Partners -	109,500	140,982	500	2,500
Banks consisting of more than Six Partners -	155,500	200,206	500	2,500
Total for the Quarter - - -	265,000	341,188	1,000	5,000
Quarter ended 5th July:				
Banks consisting of less than Six Partners -	15,800	20,343	200	1,000
Banks consisting of more than Six Partners -	44,800	57,680	-	-
Total for the Quarter - - -	60,600	78,023	200	1,000
Quarter ended 10th October:				
Banks consisting of less than Six Partners -	90,099	116,000	5,100	25,500
Banks consisting of more than Six Partners -	157,300	202,524	-	-
Total for the Quarter - - -	247,399	318,524	5,100	25,500
Quarter ended 5th January 1826:				
Banks consisting of less than Six Partners -	304,330	391,824	8,514	42,570
Banks consisting of more than Six Partners -	336,157	432,802	14,000	70,000
Total for the Quarter - - -	640,487	824,626	22,514	112,570

Comptroller's Office Stamps, }
25 February 1826.

Appendix, N° 7.

of each Description, Stamped in each Quarter during the last Six Years, and the Total Value stamped on account of Banks consisting of a greater Number of Partners than Six.

Appendix,
N° 7.

Amounting to £.10. and under £. 50.		Amounting to £. 50. (Irish.)		Above £.50. and Not above £.100.		TOTAL VALUE.	
Number Stamped.	Estimated Value.	Number Stamped.	Value	Number Stamped.	Estimated Value.		
	£.		£.		£.	£.	£.
10,223	143,122	40	1,847	60	5,539	432,292	
9,100	127,400	200	9,230	-	-	313,519	
-	-	-	-	-	-	78,351	
200	2,800	-	-	50	4,616	164,931	
Total for the Year 1820 - £.							989,093
1,200	16,800	-	-	-	-	112,189	
200	2,800	-	-	-	-	16,693	
4,346	60,844	75	3,462	24	2,216	201,080	
400	5,600	-	-	-	-	245,817	
Total for the Year 1821 - £.							576,049
1,999	27,086	120	5,539	-	-	164,891	
700	9,800	-	-	-	-	87,114	
3,250	45,500	-	-	-	-	187,059	
2,900	40,600	-	-	100	9,231	180,350	
Total for the Year 1822 - £.							619,414
1,300	18,200	-	-	-	-	29,826	
600	8,400	-	-	-	-	59,258	
2,800	39,200	30	1,385	20	1,846	165,424	
1,225	17,150	-	-	-	-	208,686	
Total for the Year 1823 - £.							463,194
1,600	22,400	-	-	-	-	142,550	
3,600	50,400	200	9,230	-	-	234,630	
2,000	28,000	-	-	-	-	191,727	
5,000	70,000	-	-	-	-	553,235	
Total for the Year 1824 - £.							1,122,142
1,000	14,000	-	-	-	-	157,482	
-	-	-	-	-	-	202,706	
1,000	14,000	-	-	-	-	360,188	
900	12,600	-	-	-	-	33,943	
-	-	-	-	-	-	57,680	
900	12,600	-	-	-	-	91,623	
400	5,600	-	-	-	-	147,100	
2,000	28,000	-	-	-	-	230,524	
2,400	33,600	-	-	-	-	377,624	
7,700	107,800	500	23,077	300	15,000	580,271	
14,000	196,000	-	-	-	-	698,802	
21,700	303,800	500	23,077	300	15,000	1,279,073	
Total for the Year 1825 - £.							2,108,508
GRAND TOTAL - £.							5,878,400

James Stanley, Acting Comptroller.

Appendix, N° 8.

— 1. —

AN ACCOUNT of the Amount of BANK NOTES, distinguishing the several Descriptions thereof, issued by the Bank of Ireland, at its several Branches of local Agencies; (made up to the 7th March 1826.)

THE AMOUNT OF NOTES issued to the Agents at the several local Offices, since, their commencement, has been,

Of Irish Currency - - - - - £.567,000 :

Of Brit. Currency - - - - - 611,000 :

AS FOLLOWS:

Description of Notes	£. 1.	£. 1. 10.	£. 3.	£. 5.	£. 10.	£. 20.	£. 50.	£. 100.	£. 500.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
Of Irish Currency - - -	233,900	229,600	- - -	65,500	19,000	9,000	9,000	1,000	—
Of Brit. Currency - - -	170,900	148,400	96,200	38,500	52,000	20,000	38,500	32,500	14,000

Note:—It is to be observed, that a great portion of the Notes in British Currency, issued to the local Offices and circulated by them, has been in exchange for the Notes of the Old Irish Currency, and a considerable amount of the Notes of both the Old and New Circulation has been cancelled, either in Dublin or at the Local Agencies; part of the amount of the Notes of New Circulation still remains at the Offices.

— 2. —

A Copy of the FORM of WORDS used in the Promissory Notes of the Bank of Ireland, during the Years 1825 and 1826; distinguishing whether such Notes are General Obligations to pay, or are Obligations to pay in Dublin only.

Copy of the FORM OF WORDS used in the Notes of the Bank of Ireland in the Year 1825, is,—viz.

“ Bank of Ireland,”

“ I Promise to pay Mr. Nathaniel Low or bearer

“ on demand the Sum of _____

“ For the Gov^r & Company”

“ of the Bank of Ireland.”

AND from 5 January 1826, on the Assimilation of the Currency, when the Form was changed,

“ Bank of Ireland,

“ I Promise to pay the bearer on demand in”

“ Dublin _____ British.”

“ For the Gov^r & Company”

“ of the Bank of Ireland.”

For the Governor & Company of
the Bank of Ireland,
THO^s WILLIAMS, Sec.

—3.—

AN ACCOUNT of the Average Amount of the BANK OF IRELAND Notes, of £.5. and upward,
issued during each of the last Six Years, including Bank Post Bills.

Appendix,
N° 8.

		IRISH CURRENCY.
1820.	Notes and Post Bills of £.5. and upward	2,894,777 5 2½
1821.	- - - - - Ditto	3,501,119 19 11
1822.	- - - - - Ditto	3,618,111 1 6½
1823.	- - - - - Ditto	3,528,625 6 11
1824.	- - - - - Ditto	3,890,337 20 7½
1825.	- - - - - Ditto	4,446,994 19 9

—4.—

AN ACCOUNT of the Average Amount of the BANK OF IRELAND Notes, under the Value of
£.5. issued during each of the last Six Years, including Bank Post Bills.

		IRISH CURRENCY.
1820.	Notes and Post Bills under the Value of £.5.	1,314,806 15 9
1821.	- - - - - Ditto	1,710,603 3 8
1822.	- - - - - Ditto	1,552,321 2 1
1823.	- - - - - Ditto	1,588,764 7 3
1824.	- - - - - Ditto	1,732,118 5 10½
1825.	- - - - - Ditto	1,964,354 8 3

Dublin, 14th March 1826.

For the Governor & Company of the
Bank of Ireland,

G. N. WORKMAN,
Dep. Acc^t Gen^l.

Appendix, N° 9.

— 1. —

AN ACCOUNT of the Number of Banks consisting of a greater number of Partners than Six, established in *Ireland* during the last Six Years, and of the Places at which such Banks are established.

Number Established.	TITLES.	When Established.	WHERE ESTABLISHED.	
			Principal Establishment.	BRANCHES.
TWO -	The Northern Banking Company	1824	Belfast, Co. Antrim.	Ballymenagh - County of Antrim. Londonderry - } Coleraine - } - - Londonderry. Magherafelt - } Armagh - - } Lurgan - - } - - Armagh. Tanderagee - } Newry - - { Counties of Armagh and Down. Banbridge - - } Downpatrick - } County of Down. Monaghan - - - - Monaghan. Dungannon - - - - Tyrone.
	The Provincial Bank of Ireland -	1825	- - -	Belfast - - - County of Antrim. Cork - - - - - Cork. Galway - - - - - Galway. Limerick - - - - - Limerick. Londonderry - - - - Londonderry. Sligo - - - - - Sligo. Clonmel - - - - - Tipperary. Waterford - - - - Waterford. Wexford - - - - Wexford.

— 2. —

AN ACCOUNT of the Number of Private Bankers registered during each of the last Six Years.

Twenty	-	-	-	-	in	-	-	-	1820.
Seventeen	-	-	-	-	in	-	-	-	1821.
Sixteen	-	-	-	-	in	-	-	-	1822.
Fourteen	-	-	-	-	in	-	-	-	1823.
Fifteen	-	-	-	-	in	✓	-	-	1824.
Fifteen	-	-	-	-	in	-	-	-	1825.

Stamp Office, Dublin, }
20th March 1826. }

Chas Pressly,
Secretary.

Appendix, N° 10.

Ireland.)—STAMPS DEPARTMENT:—AN ACCOUNT of the Number of Bankers Notes and Post Bills (except those of the Bank of Ireland) stamped in each Year, from the year 1790 inclusive to the present time; distinguishing the Notes of £. 5 and upwards, and under £. 5.

Note 1st.—Until the year ended 5th January 1818 there was no distinct Account kept of the number of Stamps issued for Bankers Notes.

Note 2d.—The Notes of £. 5 and upwards, and under £. 5, cannot be distinguished; for as all Notes under £. 5 were liable to the same stamp duty, no distinct Account has been kept of such Notes; and for the same reason the Notes between the minimum and maximum of each scale above £. 5 cannot be given.

YEARS ended 5th Jan.	Private Bankers in Dublin:					
	Not amounting to £. 5.	Amounting to £. 5 and not amounting to £. 10.	Amounting to £. 10 and not amounting to £. 50.	Amounting to and not exceeding £. 50.	Exceeding £. 50 and not exceeding £. 100.	Number of Stamps issued in each Year.
	Number Issued.	Number Issued.	Number Issued.	Number Issued.	Number Issued.	
1818 - -	442,602	38,701	24,800	603	500	507,206
1819 - -	446,602	55,701	37,200	1,200	700	541,403
1820 - -	306,101	38,700	30,067	325	- -	375,193
1821 - -	150,916	20,900	15,403	- -	70	187,289
1822 - -	106,288	5,200	5,746	75	24	117,333
1823 - -	70,000	6,300	5,350	20	- -	81,670
1824 - -	90,402	4,500	5,400	30	20	100,352
1825 - -	119,500	5,100	5,500	- -	- -	130,100
1826 - -	112,201	3,400	1,800	- -	- -	117,401

YEARS ended 5th Jan.	Bankers elsewhere than in Dublin:						
	Not amounting to £. 5.	Amounting to £. 5 and not amounting to £. 10.	Amounting to £. 10, and not amounting to £. 50.	Amounting to and not exceeding £. 50.	Exceeding £. 50 and not exceeding £. 100.	Number of Stamps issued in each Year.	Total Number of Stamps issued in each Year.
	Number Issued.	Number Issued.	Number Issued.	Number Issued.	Number Issued.		
1818 - -	480,651	19,959	3,750	536	231	505,127	1,012,333
1819 - -	518,821	15,200	3,901	500	15	538,437	1,079,840
1820 - -	398,013	10,100	3,600	1,000	- -	412,713	787,906
1821 - -	284,453	5,900	4,120	240	40	294,753	482,042
1822 - -	247,753	500	400	- -	- -	248,653	365,986
1823 - -	264,570	3,700	3,499	100	100	271,969	353,639
1824 - -	179,899	1,300	525	- -	- -	181,724	282,076
1825 - -	550,102	10,900	6,700	200	- -	567,902	698,002
1826 - -	1,101,285	25,414	24,200	500	300	1,151,699	1,269,100

N. B.—As the Notes issued by the private Bankers of Dublin circulate for the most part in the country, they have heretofore been classed with the *Country Bankers Notes*.

Comptroller's Office Stamps, }
14th April 1826.

James Stanley,
Acting Comptroller.

Sir,

Stamp Office, Dublin, 2d May 1826.

WE had the honour to receive your Letter of the 29th ultimo, inquiring, for the information of the Select Committee of the House of Commons on Promissory Notes in Ireland and Scotland, whether the Return made from this Office of Notes stamped for Country Bankers includes the Notes of Dublin Private Bankers.

And we beg to inform you, that as the Notes issued by Dublin Private Bankers circulate for the most part in the country, they are included in that Return, and have heretofore been always classed with the *Country Bankers Notes*. We have had, however, a Return prepared, distinguishing the Notes of Dublin and Country Bankers; and we beg to transmit a Copy of it to you herewith for the information of the Committee.

We have, the honour to be, Sir, your most obedient humble Servants,

William Gregory, Esq.
&c. &c. &c.

J. S. Cooper,
J. Mahon.

Appendix, N° 11.

Appendix,
N° 11.

The AMOUNT of the Notes of £. 1. circulated by the Agents of the Bank of Ireland, at their several Offices, has been since their commencement,

£. 233,900	- - - - -	of the Irish Currency.
170,900	- - - - -	of the British Currency.

All Notes of the Bank of Ireland are now as they have ever been payable in Dublin only.

The insertion of the words "in Dublin" has been made in the Notes issued since the assimilation of the Currency merely for the information of ignorant persons who might imagine that as agent's offices were established, they might there demand gold to any extent.

The agents have all been instructed to give gold freely for public accommodation, but to deny it when sought for, for purposes of annoyance or hostility.

For the Governor and Comp^y of the Bank of Ireland.

Thos Williams, Sec.

The Governor of the Bank of Ireland presents his compliments to Mr. Robinson, and has the honour to transmit herewith the Returns which he desires to have furnished.

These Returns apply only to Notes, but should Mr. Robinson require similar ones in reference to Post Bills, the Governor of the Bank will have much pleasure in directing them to be furnished.

Bank of Ireland,
11 March 1826.

Appendix, N° 12.

Appendix,
N° 12.

Unto the Right Honourable the Earl of Liverpool, and to the Chancellor of the Exchequer.

The MEMORIAL of the Directors of the Provincial Bank of Ireland,

Showeth,

THAT the Society or Copartnership denominated the Provincial Bank of Ireland, was established by Deed of Settlement, of date 1st August 1825, under the authority of an Act passed in the last Session of Parliament, intituled, "An Act for the better Regulation of Copartnerships of certain Bankers in Ireland;" in the preamble to which it is stated to be "expedient to make further provision for the Regulation of such Societies and Copartnerships, and to encourage the further introduction of British Capital into Banking Establishments in Ireland."

That under the encouragement thus held out by the wise and liberal policy of the Legislature, a capital of Two Millions, divided into twenty thousand Shares, was subscribed by the Shareholders of this Society or Copartnership chiefly in London.

That the names of the Shareholders have been duly registered at the Stamp Office in Dublin, and amount in number nearly to one thousand, composed almost entirely of persons of wealth and respectability; and that the security to the public for the obligations of the Provincial Bank of Ireland, whether arising from the issue of Notes or from Deposits, is thus of the most ample and satisfactory nature.

That your Memorialists on the faith of the continuance of the existing laws for regulating the circulation of Bank Notes in Ireland, have, at a very great expense, provided the means of supplying the Population of that country with a circulating medium, founded on the soundest principles of banking, which have hitherto been scarcely known or acted upon in that part of the kingdom.

6 Geo. IV. c. 42.
10 June 1825.

That the distinguishing features of the system adopted by the Memorialists, are as follow :—

1. The establishment of Branches in every principal town throughout Ireland, at a greater distance than fifty miles from Dublin, from the space within which circle your Memorialists are excluded by the existing privileges of the Bank of Ireland.

2. The Notes of the Provincial Bank are all payable on demand at the Branches where they are respectively issued, and convertible into gold there, at the will of the holders, differing in this respect from the Notes of the Bank of Ireland, which are convertible into Gold at Dublin only.

3. The issues of Notes by the Provincial Bank are made only on securities founded on real transactions, arising out of the industry of the people in the pursuit of commerce and agriculture; and the rate of interest which it charges to those dealing with it is under that which the law allows,

4. The Provincial Bank allows interest at the rate of two per cent on money deposited, a practice but partially known in the north of Ireland, and altogether new in by far the greater part of the country.

That on these principles your Memorialists conceive the currency of Ireland will, in so far as depends on them, be preserved in a sound and healthy state, and that whilst the necessary stimulus to Trade and Agriculture, of which the want has been so much felt in Ireland, is thus supplied by the "*introduction of British Capital into this Banking Establishment*," all danger of excess of its paper circulation is guarded against, first, by its convertibility into gold at so many places; secondly, by the inducement which the interest allowed on deposits holds out to every one to return to the Bank all surplus money not wanted for immediate purposes; thirdly by the exchange of notes with other Banks, which, according to the custom prevalent in Scotland, is regularly made, and which is in fact more frequently made by your Memorialists than is done in Scotland, as it takes place every day; and lastly, by the effect on the exchange with Britain, and consequent demand for gold which would instantly be produced by any such excess, this last check being one of instant operation in the case of your Memorialists, through whose Establishments a considerable part of the business of rent and commercial remittances is now carried on.

That the system thus laid down has been commenced, and has for the last six months been in actual operation in Ireland, with every appearance of success which could have been anticipated either by the Legislature in enacting the law under which this Banking Society has been formed, or by the Shareholders in raising its capital.

That of the Branches intended to be established by your Memorialists, Five have been already opened, viz. Cork, Limerick, Clonmell, Londonderry, and Sligo, and that nine more are in progress, houses having been engaged, officers appointed, notes prepared, and other arrangements made for commencing business without delay.

That £. 300,000 of the Capital Stock of the Society has been already called up, and that intimation has been given to the Shareholders that further calls will be made progressively, as the Branches come into operation.

That when the foresaid Act, authorizing this and similar Societies to be formed was passed, it must have been obvious that the intentions of the Legislature could not possibly be carried into effect, unless the Shareholders of such Societies or Copartnerships were to be permitted to derive the fair and legitimate profits which belong to banking.

That the fair profits of banking, when conducted by a Public Company, and on the liberal principles which your Memorialists have adopted, arise in a considerable degree from the circulation of notes, and that without such profit the expenses of conducting their business, unless they should happen to possess exclusive privileges, would necessarily be so great as to oblige them to relinquish such undertakings.

That it is a well-known fact, which the experience of your Memorialists since the business of the Provincial Bank was commenced most amply confirms, that two-thirds of the circulation of notes in Ireland consist in notes of one pound, and other denominations under five pounds value, and of these much the greater part are notes of one pound only.

That this circulation of small notes necessarily arises from the peculiarities which attend four of the chief branches of industry in Ireland; viz. the linen manufacture, the raising of corn, the production of butter, and rearing of pigs.

404.

G

That

Appendix,
N° 12.

That although each of these Branches is in the aggregate of very considerable magnitude, yet from the very great number of persons engaged in them, the produce which one individual brings to market is so very small, that without a circulating medium adapted to the circumstances, they could not be carried on.

That from the facts above stated, it is of the utmost importance to Ireland that the merchants and traders who deal in its produce should be supplied with that species of circulating medium which is adapted to the wants of the people, and which can only be supplied under proper regulation by Societies or Copartnerships, such as your Memorialists represent.

That notwithstanding the state of things here mentioned, which can be proved to the satisfaction of the Legislature, if need be, the Memorialists are given to understand that the measure which is now before Parliament for restraining the issue of notes under five pounds in England, is at no grant distance of time to be extended both to Scotland and Ireland; and if the Memorialists are rightly informed, it is the intention of Government to propose that its operation in Ireland shall take effect sooner than in Scotland.

That in these circumstances, your Memorialists feel it to be their duty to represent in the most earnest manner to His Majesty's Government, the great hardship, if not injustice, with which the proposed measure will press against the Provincial Bank of Ireland, which has been so recently established under the sanction of the Legislature, given expressly for the benefit of Ireland, by encouraging the introduction of British Capital into that country, and which, without such sanction and encouragement, never would have been established; for if this measure be carried into effect, the Provincial Bank must instantly be deprived of any sufficient means of reimbursing itself for the heavy expense to which it has been subject in preparing that very relief to Ireland which it was the object of Parliament to administer, and the country must in consequence be denied the advantages which would be conferred on it by its permanent establishment; and should the paper of the Provincial Bank be withdrawn, a monopoly would be given to that of the Bank of Ireland, which, though issued locally at the Branches of that Bank, is convertible at Dublin only.

That this measure is altogether uncalled for in Ireland, where there is not the smallest complaint of an excessive issue of paper, nor any overtrading, or inordinate spirit of speculation. It is not only uncalled for but universally deprecated as being pregnant with the most serious mischief, and calculated to crush the rising spirit of industry in that country, by taking from the manufacturers and others the means of employing the population, and so to produce ruin to persons engaged in trade and agriculture, and amongst the lower classes discontent disorder and rebellion.

That your Memorialists therefore trust, that when the case of individual hardship in which the Society whom your Memorialists represent are placed, in consequence of their following up the views of the Legislature in promoting the welfare of Ireland, and still more when the ruinous effects which would spread so widely amongst the already distressed population of that country, have been fairly pointed out, His Majesty's Ministers will not persist in introducing into Parliament a measure fatal to Ireland, and calculated to suspend all the benefit now beginning to be felt, from the liberal policy of the Legislature in improving the banking system in that part of the United Empire.

London,
2d March 1826. }

Which is submitted,

E. Fletcher, Chairman.

Appendix, N° 13.

A RETURN of the Total Amount of Notes of the Bank of Ireland in circulation on the 1st of May, the 1st of August, the 1st of November 1825; the 1st of February, and the of March 1826; distinguishing the Notes under £. 5.

Appendix,
N° 13.

		Irish Currency.		
		£.	s.	d.
1825:				
May 1st.	Notes value of £. 5 and upward	-	-	-
	D° under - £. 5	-	-	-
		1,959,379	10	-
		1,639,398	1	2 ½
		£.	3,598,777	11 2 ½
August 1st.	Notes value of £. 5 and upward	-	-	-
	D° under - £. 5	-	-	-
		1,978,273	5	-
		1,649,445	8	5
		£.	3,627,718	13 5
November 1st.	Notes value of £. 5 and upward	-	-	-
	D° under - £. 5	-	-	-
		1,981,805	1	3 ½
		1,900,187	11	5
		£.	3,881,992	12 8 ½
1826:				
February 1st.	Notes value of £. 5 and upward	-	-	-
	D° under - £. 5	-	-	-
		1,825,959	8	9 ½
		1,777,454	2	5
		£.	3,603,413	11 2 ½
March 9th.	Notes value of £. 5 and upward	-	-	-
	D° under - £. 5	-	-	-
		1,659,518	9	11
		1,846,823	9	5
		£.	3,506,341	19 4

For the Governor & Company of the Bank of Ireland,

Dublin,
10th March 1826.

G. N. Workman,
Dep. Acc^t Gen^l.

Appendix, N° 14.

A RETURN of the Total Amount of the Notes of the Bank of Ireland, in circulation on the 1st of February and the 1st of August in each year, from the 1st of February 1813 to the 1st of February 1825; distinguishing the Notes under £. 5.

Appendix,
N° 14.

		Irish Currency.		
		£.	s.	d.
1813:				
February 1st.	Notes value of £. 5 and upward	-	-	-
	D° under - £. 5	-	-	-
		1,657,977	6	6 ½
		1,359,119	18	7 ½
		£.	3,017,097	5 2
August 1st.	Notes value of £. 5 and upward	-	-	-
	D° under - £. 5	-	-	-
		1,650,873	16	10
		1,425,773	3	10 ½
		£.	3,076,647	- 8 ½

Appendix,
N^o 14.

		Irish Currency.		
		£	s.	d.
1814:				
February 1st.	Notes value of £. 5 and upward	1,722,167	19	10
	D ^o under - £. 5	1,262,969	15	10 $\frac{1}{2}$
		£.	2,985,137	15 8 $\frac{1}{2}$
August 1st.				
	Notes value of £. 5 and upward	1,967,662	6	6
	D ^o under - £. 5	1,491,355	11	7 $\frac{1}{2}$
		£.	3,459,017	18 1 $\frac{1}{2}$
1815:				
February 1st.	Notes value of £. 5 and upward	1,855,728	5	3
	D ^o under - £. 5	1,418,079	14	1 $\frac{1}{2}$
		£.	3,273,807	19 4 $\frac{1}{2}$
August 1st.				
	Notes value of £. 5 and upward	1,773,089	16	8
	D ^o under - £. 5	1,324,696	13	10 $\frac{1}{2}$
		£.	3,097,786	10 6 $\frac{1}{2}$
1816:				
February 1st.	Notes value of £. 5 and upward	1,719,623	10	3
	D ^o under - £. 5	1,268,118	14	1 $\frac{1}{2}$
		£.	2,987,742	4 4 $\frac{1}{2}$
August 1st.				
	Notes value of £. 5 and upward	1,882,612	5	10
	D ^o under - £. 5	1,248,919	12	6
		£.	3,131,531	18 4
1817:				
February 1st.	Notes value of £. 5 and upward	1,894,930	5	- $\frac{1}{2}$
	D ^o under - £. 5	1,138,395	15	3 $\frac{1}{2}$
			3,933,326	- 4
August 1st.				
	Notes value of £. 5 and upward	2,002,412	7	6 $\frac{1}{2}$
	D ^o under - £. 5	1,114,580	19	6 $\frac{1}{2}$
		£.	3,116,993	7 1
1818:				
February 1st.	Notes value of £. 5 and upward	2,001,471	-	- $\frac{1}{2}$
	D ^o under - £. 5	1,089,927	19	9
		£.	3,091,398	19 9 $\frac{1}{2}$
August 1st.				
	Notes value of £. 5 and upward	1,997,006	13	9 $\frac{1}{2}$
	D ^o under - £. 5	1,165,969	11	4 $\frac{1}{2}$
		£.	3,162,976	5 2
1819:				
February 1st.	Notes value of £. 5 and upward	1,935,302	10	-
	D ^o under - £. 5	1,255,121	7	3 $\frac{1}{2}$
		£.	3,190,423	17 3 $\frac{1}{2}$
August 1st.				
	Notes value of £. 5 and upward	1,882,897	6	3 $\frac{1}{2}$
	D ^o under - £. 5	1,200,468	10	5
		£.	3,083,365	16 8 $\frac{1}{2}$
1820:				
February 1st.	Notes value of £. 5 and upward	1,654,621	12	6 $\frac{1}{2}$
	D ^o under - £. 5	1,096,934	5	6
		£.	2,751,555	18 - $\frac{1}{2}$

		Irish Currency.		
		£.	s.	d.
1821:	August 1st.	Notes value of £. 5 and upward	1,784,305	6 3½
		D° under - £. 5	1,425,318	- 5
		£.	3,209,623	6 8½
1822:	February 1st.	Notes value of £. 5 and upward	1,808,674	17 6½
		D° under - £. 5	1,659,834	4 4½
		£.	3,468,509	1 11
1823:	August 1st.	Notes value of £. 5 and upward	1,922,614	16 3½
		D° under - £. 5	1,490,632	13 2½
		£.	3,413,247	9 6
1824:	February 1st.	Notes value of £. 5 and upward	1,981,132	12 6½
		D° under - £. 5	1,496,670	12 8½
		£.	3,477,803	5 3
1825:	August 1st.	Notes value of £. 5 and upward	1,946,634	13 13½
		D° under - £. 5	1,490,057	17 -½
		£.	3,436,691	18 4
1826:	February 1st.	Notes value of £. 5 and upward	1,919,604	15 -½
		D° under - £. 5	1,386,214	2 10½
		£.	3,305,818	17 11
1827:	August 1st.	Notes value of £. 5 and upward	1,838,752	8 9½
		D° under - £. 5	1,305,354	11 5½
		£.	3,144,107	- 3
1828:	February 1st.	Notes value of £. 5 and upward	1,970,154	11 3½
		D° under - £. 5	1,481,869	14 1
		£.	3,452,024	5 4½
1829:	August 1st.	Notes value of £. 5 and upward	1,997,891	13 9½
		D° under - £. 5	1,373,507	19 10
		£.	3,371,399	13 7½
1830:	February 1st.	Notes value of £. 5 and upward	2,015,164	13 9½
		D° under - £. 5	1,598,184	2 8
		£.	3,613,348	16 5½

For the Governor & Company of the Bank of Ireland,

Dublin,
10th March 1826.

G. N. Workman,
Dep. Acc^t Gen^l.

Appendix, N° 15.

(Ireland.)—STAMPS DEPARTMENT.—A RETURN of the Quantity of Notes of £. 1. and upwards which have been Stamped from the 5th of February to the 6th of March 1826; distinguishing the Number which have been Stamped of each description, and distinguishing also those Stamped for Banks of more than Six Partners.

	£. 1.	£. 1. 1s.	£. 1. 5s.	£. 1. 10s.	£. 2.	£. 3.	£. 4.	£. 5.	£. 10.	£. 20.	£. 40.
	N°	N°	N°	N°	N°	N°	N°	N°	N°	N°	N°
Stamped for Banks of more Partners than six }	70,000	18,000	3,000	42,000	- -	22,000	- -	6,000	—	—	—
Ditto - - - not more Partners than six }	23,500	- -	- -	15,100	1,100	3,000	1,500	1,000	100	200	100
Total - - -	93,500	18,000	3,000	57,100	1,100	25,000	1,500	7,000	100	200	100

In the above Return is included the Notes Stamped in lieu of those brought to the Stamp Office, and cancelled under the 15 sec. of the 6 Geo. 4. c. 79; the following are the Numbers so Stamped:

	£. 1.	£. 1. 1s.	£. 1. 5s.	£. 1. 10s.	£. 2.	£. 3.	£. 4.	£. 5.	£. 10.	£. 20.	£. 40.
	N°	N°	N°	N°	N°	N°	N°	N°	N°	N°	N°
Stamped for Banks of more Partners than six }	18,000	18,000	- -	20,000	—	—	—	—	—	—	—
Ditto - - - not more Partners than six }	23,393	- -	- -	14,100	1,100	2,000	1,500	600	100	200	100
Total Stamped in lieu of Notes brought to the Stamp Office }	41,393	18,000	- -	34,100	1,100	2,000	1,500	600	100	200	100

Comptroller's Office, Stamps,
10th March 1826. }

James Stanley,
Acting Comptroller.

Appendix, N° 16.

AN ACCOUNT of the Number of Re-issuable Promissory Notes stamped since
5th February 1826.

Appendix,
N° 16.

Not exceeding £. 1. 1. 0.	- - - - -	-	10,008
Exceeding £. 1. 1. 0.	- - and not exceeding	- - - £. 2. 2. 0.	-
Exceeding 2. 2. 0.	- - and not exceeding	- - - 5. 5. 0.	9,874
Exceeding 5. 5. 0.	- - and not exceeding	- - - 10. 0. 0.	5,976
Exceeding 10. 0. 0.	- - and not exceeding	- - - 20. 0. 0.	-
Exceeding 20. 0. 0.	- - and not exceeding	- - - 30. 0. 0.	-
Exceeding 30. 0. 0.	- - and not exceeding	- - - 50. 0. 0.	-
Exceeding 50. 0. 0.	- - and not exceeding	- - - 100. 0. 0.	-

Accountant and Comp. Gen^l Office, Stamps, }
7th March 1826.

Tho^s Lightfoot, A. C. G.

LIST OF WITNESSES.

<i>Martis, 21^o die Martii, 1826.</i>		<i>Mercurii, 26^o die Aprilis.</i>	
Mr. Alexander Blair	p. 41	Mr. Roger Ayton	p. 199
<i>Mercurii, 12^o die Martii.</i>		Mr. Robert Paul	p. 200
Kirkman Finlay, Esq.	p. 57	<i>Veneris, 28^o die Aprilis.</i>	
<i>Luna, 10^o die Aprilis.</i>		John Gladstone, Esq.	p. 217
Henry H. Hunt, Esq.	p. 71	John Moss, Esq.	p. 229
Mr. John Acheson Smyth	p. 75	William Birkbeck, Esq.	p. 232
Mr. J. R. Pim	p. 82	Arthur Guinness, Esq.	p. 235
<i>Mercurii, 12^o die Aprilis.</i>		— Lunnell, Esq.	ibid.
Mr. James Marshall	p. 88	<i>Luna, 1^o die Maii.</i>	
John Holmes Houston	p. 102	Mr. Leonard Dobbin	p. 242
Mr. Thomas Joplin	p. 109	James Orr, Esq.	p. 247
<i>Luna, 17^o die Aprilis.</i>		Pierce Mahony, Esq.	p. 249
Thomas Kinnear, Esq.	p. 112	Mr. John Cotter	p. 261
<i>Mercurii, 19^o die Aprilis.</i>		<i>Mercurii, 3^o die Maii.</i>	
Thomas Kinnear, Esq.	p. 130	James Gibson Craig, Esq.	p. 265
Mr. John Thomson	p. 144	James Hadden, Esq.	p. 271
<i>Veneris, 21^o die Aprilis.</i>		Lieut. Col. Donald Campbell	p. 277
Mr. John Thomson	p. 152	Pierce Mahony, Esq.	p. 280
Mr. John Commelin	p. 171	<i>Veneris, 12^o die Maii.</i>	
<i>Luna, 24^o die Aprilis.</i>		John B. Richards, Esq.	p. 281
Mr. John Commelin	p. 178	Samuel Thornton, Esq.	p. 284
Mr. Hugh Watt	p. 187	Jeremiah Harman, Esq.	p. 286
Mr. Roger Ayton	p. 190		

Appendix, No. 17.

MINUTES OF EVIDENCE.

Martis, 21^e die Martij, 1826.

THE RIGHT HONOURABLE ROBERT PEEL,

IN THE CHAIR.

Mr. *Alexander Blair*, called in; and Examined.

ARE you connected with any of the banking establishments in Scotland?—Yes,
I am connected with the British Linen Company.

That is one of the three chartered Banks of Scotland?—It is.

Will you explain to the Committee the manner in which the banking business of that company is conducted?—I will commence with the branch system: we have branches throughout Scotland to the amount of twenty-seven; those branches are conducted by agents, who find security for their transactions; we are in the use of supplying those branches with our notes for circulation, according as the demands of the country require them; and I may observe, that in the remote and poor districts of the country we are in the use of settling branches, looking forward to the gradual improvement of those districts. The description of notes that we send to those remote parts of the country are principally small notes, as that kind are required for the payments which are made there.

In what particular relation do you stand to the Bank?—I am Secretary to the British Linen Company.

What is the system with respect to what are called cash credits?—If a person wishes to have a cash credit with our company, he proposes two securities; and upon those securities being named, and being satisfactory to the directors, a credit is given; those credits generally run from 200 *l.* to 500 *l.*, but they sometimes go as far as 1,000 *l.*, and in some cases beyond that.

Can a cash credit be granted by one of the branches?—No.

Suppose an application was made to a branch bank, and a reference was made to Edinburgh, where the principal seat of the establishment is, cannot a cash credit be granted by a branch bank?—No, in no case; all the cash credits must come before the board of directors; and they must consider the nature of the application and the responsibility of the securities; and on their being satisfied with those points, then the credit is granted, and only on those conditions.

For what period is the cash credit usually given?—There is no definite period; it is understood to be granted so long as the operations upon it are found to be useful to the bank, and it suits the bank to continue it.

What is the nature of the security?—A personal bond.

You can supply a form of the bond?—Certainly.

In what part of Scotland are the branches established?—They are spread over the whole country; they extend from Tain as far as Coldstream.

Are there branches of other banks within the district in which your branches are established?—In many cases there are.

Is there any understanding between the different banks as to the districts to be appropriated to each?—No; each bank establishes a branch, according as they consider that it will be most advantageous to the establishment and to the country generally.

What proportion does that part of the circulation of the British Linen Company, that consists of one and two pound notes, bear to its general circulation?—The proportion is as about eighteen to seventeen, a fraction more than a half.

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Appx. No. 17.

Mr.
Alexander Blair,

(21 March.)

Appx. No. 17.

Mr.
Alexander Blair.

(21 March.)

The small-note circulation is to the rest of the circulation as about eighteen to seventeen?—Yes.

Have you any information as to the circulation of other banking establishments?—Yes; I find it varies very little from that I have just stated; in some cases it does, but that is from local circumstances, to their having fewer branches throughout the country generally, and perhaps fewer in the agricultural districts.

You think generally the small-note circulation of Scotland, by which is meant the circulation of one and two pound notes, is about one half of the whole circulation of the country?—Yes; I should call the whole circulation of the country three millions and a half, and the small-note circulation about eighteen hundred thousand.

Can you state on what grounds that opinion is formed?—I think it approximates nearly to the truth. I judge from our own circulation; and since we have been in London, the gentlemen with me, and myself, have endeavoured to get such information among ourselves as we could.

Did you form any calculation as to the amount of circulation of sovereigns in Scotland?—I conceive very few sovereigns circulate in Scotland now.

Do you recollect any period when there was a larger circulation of gold than there is at present?—The period to which I should refer would be probably previous to 1797; but I am not aware that there was much gold circulating in Scotland; I cannot speak to my own knowledge, but that is my impression.

Do the transactions of your bank extend to the northern counties of England?—Yes, our notes circulate in the northern counties of England.

Have you any branches established in the northern counties of England?—No, we have one at Coldstream, which is on the borders; the nearest to that is Dunse, in Berwickshire, Jedburgh and Hawick, and Annan.

Do you know whether it was the practice for Scotch notes to circulate in England previous to 1797?—No, I cannot give any information upon that point.

Are there considerable deposits of money in the banking establishments of Scotland?—There are.

Is it the practice of the British Linen Company to allow interest upon the deposits?—It is.

Is there any general rule as to the rate of interest allowed?—Yes, the rate is fixed.

What is the rate?—At present we charge five per cent, and allow four.

What have been the variations in the interest allowed on the deposits to the public for some time past?—The rates of interest have varied for these five or six years past from two and a half to four per cent, and in some instances only two was given, where the deposits were very large, and probably were not likely to be very permanent.

What is the rate of interest allowed on deposits now?—Four per cent.

What is the rule of the bank with respect to fixing the rate of interest allowed on deposits; is it an arbitrary rule varying from week to week, or is it settled for any time?—The Directors are guided in a good degree by the state of the money market in allowing the rate of interest to their customers, and they give notice to the public when any change takes place.

What is the shortest period for which any given rate is continued?—I am not prepared to answer that question.

Has it been continued for less than three months?—No, certainly not; I should think about a year and a half.

When a variation is made in the rates, does it extend to the deposits previously made, or apply only to the deposits made from that time?—Up to the date which is given we allow the interest formerly allowed, but from that date it applies to the whole.

Is there the same rate of interest on all deposits, or is there any class of deposits on which one interest is allowed, and another class to which another interest applies?—Not at present; we allow four per cent on the whole.

Whether a large sum or a small one?—Yes; in case a person lodges money at interest, and it remains only a fortnight or three weeks, we do not allow interest at all.

How do you know beforehand what time it will remain?—When a person comes for his money and receives it back, we know what time it has remained.

Is there no agreement made at the time the deposit is made?—No, it is an understood

understood thing that the banks allow so much per cent per annum upon their deposits.

If a party having lodged 10,000*l.* with the British Linen Company withdraws it in three weeks, you conceive you have a power to withhold any interest on that sum?—If no agreement was made; but probably on the deposit of so large a sum some agreement would be made at the time.

Does this rest upon an understanding, without any contract at all?—It is an understood thing that the rate which is advertised is to be allowed till further notice.

Do you apply your observations to the British Linen Company, or to the whole of the other banks as well?—To the whole of the banks; I am not aware of any difference which exists, except perhaps in some minor regulations.

Do they regularly communicate to each other?—Generally, in case of any public alteration.

In what way do the other banks consider themselves influenced by any rule thus adopted; is there a meeting?—Yes; in case of any change in the rates, there is a meeting generally.

All the changes are uniform, and apply to all the banks?—Yes; the provincial banking establishments throughout the country generally follow the banks in Edinburgh, but sometimes there is a difference.

Can a party, without notice, withdraw his deposit on demand; or do you require, when he lodges his deposit, that he should give you a week or a fortnight's notice before he withdraws it?—There is no notice whatever required.

Have not the deposits with the Scotch banks very much increased of late?—I can only speak from my own knowledge; I am not aware that they have.

When the funds were at 95 and 96, were not considerable sums sold out for the purpose of being deposited in the Scotch banks, and receiving interest there?—That does not consist with my knowledge.

What was the interest allowed on deposits when the funds were at 95?—Two and a half per cent.

Were the deposits increased about that time?—I am not aware that any great increase took place at that period.

Have you any objection to state what is the amount of deposits generally with the British Linen Company?—I am not authorized to make such a statement.

Should you have any objection to state whether, in the course of the year 1824, and the beginning of the year 1825, the deposits with the British Linen Company were larger than usual?—I do not think an increase took place between those intervals; I do not recollect that there did.

Would there be any objection to give a scale by which any increase or decrease may be seen?—Certainly not.

Do you allow interest on a running account?—Yes.

Is there any difference between the rate of interest on a running account and on a deposit?—There is none at present.

Suppose a running account should be reduced to such a sum as 100*l.*, would interest be still allowed upon the balance?—Yes.

How long have you allowed interest on running accounts?—We have always done so.

Supposing such a sum as 50*l.* deposited in the bank by a trader, and he was in the habit of drawing out small sums, do you still allow interest on the balance?—Yes; we do not refer to the amount at all.

In what manner do you conceive that the execution of the law which has recently passed in England, which will prevent the circulation of notes under five pounds, would operate prejudicially against the interests of the banking establishments with which you are connected, or the interest of the country generally; do you conceive that it would affect the system of cash credit?—Yes, I conceive it would, in this way; the principal profit, indeed I may say the only profit of the bank on a cash credit arises from the circulation of their notes. Now at the branches, and particularly at the remote branches, the one-pound notes form the principal circulation of the country, therefore if the one-pound notes be withdrawn, of course this source of profit ceases. I may observe, that in many of our branches very little profit is gained; we perhaps put a branch down in a remote part of the country where there is no great wealth, and we look prospectively forward by a judicious application of capital to the district being improved, and of course to the branch of our establishment prospering with it, as it must certainly do. Now

44 MINUTES OF EVIDENCE BEFORE SELECT COMMITTEE

Appx. No. 17.

Mr.
Alexander Blair.

(21 March.)

in the commencement of such establishments, the profit arising from the circulation of those notes forms a considerable sum; if this profit were to be withdrawn by the withdrawing of the small-note circulation, and if in the place of it we were obliged to submit to the expense of supplying this establishment with a gold currency, (and owing to the smallness of the payments they would require principally sovereigns in order to make their payments,) we should then be put to a heavy expense; in place of the profit we now have, we should have to pay the expense of sending sovereigns to the branch, and probably bringing them from the branch, in case of that particular part of the country having a superabundance of currency; and there would be also the expense of bringing them from London, and sending them to London, in case of any change in the state of the currency. These expenses would fall upon those smaller establishments, and of course the bank would be obliged to withdraw them.

You estimate the whole circulation of Scotland in notes under 5*l.* at 1,800,000*l.*?—Yes.

That would probably then be the maximum of the gold circulation required?—No, I apprehend it would require more; for it is necessary to keep a certain number of notes in store, to answer occasional demands; at one period of the year, the quarter-day for instance, the amount of transactions is greater.

When you say that 1,800,000*l.* is the amount of the small-note circulation in Scotland, do you include that portion retained in the hands of the bankers, or that there is actually that amount in circulation?—That I conceive is the sum actually in circulation.

In other hands, not the hands of the bankers?—Yes.

What proportion of that do you conceive to consist of two-pound notes?—There are very few two-pound notes in Scotland; the one-pound and the guinea notes are the general circulation.

What is the proportion of the small-note circulation retained in the hands of the bankers as compared with that which is in the hands of the public for the ordinary occurrences of life?—I should think that, supposing the gold which would be required for circulation in Scotland for small payments to be 1,800,000*l.*, probably about one half more might be wanted for the purpose I am now speaking of; to be used at a time when the payments increase, at quarter-days for instance, or any particular period when the transactions are more numerous than at other times of the year.

Will you explain why you conceive more than 1,800,000*l.* in sovereigns would be required; what is the total amount of small-note circulation at present?—I take 1,800,000*l.* as the average amount of circulation that exists; but it increases at one time and decreases at another, and in calculating the amount of gold required for the circulation of Scotland, the maximum must be taken.

Do you apprehend that a gold circulation would be liable to the same variations as a paper circulation is?—The gold would be required to carry on the general trading of the country.

Has there been within the last three months a very considerable contraction of the small-note circulation in Scotland?—I think that the circulation of Scotland has decreased within the last three months, and it may be accounted for; during the twelve months preceding, it must have risen considerably; there was a considerable spirit abroad of employing money in trading speculations, and therefore the transactions of the country increased. There were a number of companies, joint stock companies, set up in Edinburgh and elsewhere, and I believe in consequence of these the transactions of the country increased; to the same degree the circulation might have increased also. The people of Scotland have now in a great measure departed from many of these; some of them have fallen through, and the transactions have of course decreased in something of the same proportion.

When the circulation of Scotland generally increased in consequence of those new companies and the spirit of speculation, did the small-note circulation increase also?—I am not prepared to answer that question; but I should think so.

Do you not think it increased as rapidly as the general amount of circulation; do not you think it bore its proportion?—I should rather think not; I think the circulation of the small notes is principally in the agricultural districts; they are also very much employed in the manufacturing concerns, in payment of wages; they have very little to do with speculations, as such transactions are generally carried on by notes of a higher description.

If this spirit of commercial enterprise did not actually lead to any great increase of

of the small-note circulation, why do you think the circulation, if it consisted of gold, would be apt to vary so much at different periods?—My reason for thinking that the circulation would vary at different periods, arises from the transactions at the term-time, when large sums of money are called for, in consequence of the temporary increase of the transactions of the country. Throughout Scotland there is a particular time for letting houses, for hiring servants, for payment of interest on loans, and a number of transactions connected with the profession of the law; all these swell the amount of the general transactions of the country.

How many periods are there of that description?—There are four; Candlemas, Whitsunday, Lammas and Martinmas.

Will not a lawyer take a ten-pound note?—I do not mean to say that these transactions are connected only with that department; I assume that this will affect the small notes to a certain extent, as for instance in the hiring of servants; but it affects the whole circulation, and therefore I assume that it affects the small-note circulation in proportion to the whole.

—It could only affect it, supposing it was required in notes of that size, would it?—If the transactions increase at a certain time of the year, there will be more money required to make these payments; we find it is so at those periods, that the circulation always increases.

In one-pound notes?—Certainly.

Do you find it affects the small-note circulation?—In the same proportion as the rest.

Do you find that there is in point of fact, at certain periods of the year, a regular increase in the small-note circulation of Scotland, and as regular a decrease following afterwards?—Yes, at least I would say there is a regular increase in the circulation of Scotland at certain periods of the year, but I cannot say to what proportion it affects the small-note circulation, for I never directed my attention to that point, but I have reason to think it affects it in the same proportion.

Should you conceive it affected it to the extent of 50,000 l.?—I should imagine it occasioned a much greater increase than that.

Do you think it has ever amounted to from 1,800,000 l. to 2,000,000 l.?—That would be allowing only 200,000 l. for the increase: I conceive we should want 500,000 l. to meet those occasional demands.

£. 500,000 in one-pound notes?—Yes, to meet this occasional increase; to answer what the bankers have to keep in their chests to meet that demand, I think that is the additional sum which the bankers would require in gold for this part of the circulation.

You have stated that it would amount to 500,000 l.?—I would state 500,000 l.

Do you mean to say that at those periods when you assume that an addition of one half million of small notes would be required, an addition to the notes of a higher description would be required also?—Yes, we should require an addition to the higher notes also.

Then what you mean to say is, that at those periods, upon the whole, including both descriptions of notes, an increase to the circulation of above one million is required?—No, I should scarcely be inclined to carry it further than from 500,000 l. to 700,000 l.

Do you mean that consisting of small notes only?—Yes, I mean that we should require a sum in gold of 700,000 l. for such contingent demands.

So far as the banking establishments in Scotland are concerned, do you conceive there would be any other loss or inconvenience to them, from substituting sovereigns for one-pound notes, than the loss on the interest of the money amounting to 1,800,000 l.?—I conceive that the system as it now stands, whether it be a good one or a bad one, must be changed very materially indeed, if not altogether; for I do not see how the cash credits could exist in the manner they are kept just now, seeing that the profit depends in a great measure on the circulation, and that a very great proportion of this circulation must be in small notes. I would also observe, that in the case of small depositors of money, a considerable part of the profit arising from the deposit of that money is the circulation of the notes; when a depositor withdraws his money from the bank, he receives it in the notes of the bank, and of course those go into circulation; so long as they remain out they are a source of profit; if it is supposed that the one-pound notes were withdrawn, instead of the bank reaping a profit on its circulation of notes, it would be obliged to find gold to meet the demands of those small depositors; the large ones may be paid in notes of a higher denomination, but the small ones must be in small notes, and upon such

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would fall the expense of bringing gold and carrying it back, and all the expenses attending a metallic circulation.

When a man has a cash credit, what is the lowest amount of cash credit you have known allowed?—We have allowed it on 50*l.* or 100*l.*

What is the smallest sum drawn out upon those credits?—10*l.*

Suppose a gold circulation once established in the country, where would be the difficulty of issuing those sums in notes of 5*l.* or 10*l.*?—The class of depositors referred to require to make their payments in small sums; at present they very seldom ask for five-pound notes, and if they got them they would require them to be changed almost immediately.

A five-pound note is now considered in Scotland to be worth its nominal value, 5*l.*?—Yes.

Of course it would continue to be worth 5*l.* after there was a circulating medium established in the country?—Certainly.

And there would be no difficulty in the party getting it changed?—Certainly not.

Then what objection could he have to receiving the money in notes of 5*l.*?—He could have no objection, but the banker would object to make the payment in such a manner, for he would immediately turn round and ask for five sovereigns over the counter, and of course the issue would be in sovereigns for which we should have no profit, but, on the contrary, the expense of maintaining a currency.

You mean to state, that if the one-pound notes were withdrawn, the profits would also cease, and that would disable you from paying, as you now pay, interest on money deposited to the same extent?—Yes, just so.

Supposing a shopkeeper opens a cash credit with a banker, he does it by means of producing two sureties by bond to guarantee the amount of the advance made by the banker to the shopkeeper?—Yes.

When the banker advances 20*l.* to the shopkeeper on the guarantee of those bonds, does the banker charge any interest on the 20*l.* so advanced?—Yes.

What rate of interest do you charge?—Five per cent.

Then how is it if he charges five per cent upon the money which the banker advances, being, as it really may be, part of the money deposited with him, that you state that he has no profit on cash credits except by the circulation of one-pound notes?—Because if we advance sovereigns, we advance capital; and in case of the issue of one-pound notes, we get interest so long as the notes remain out.

You would be charging five per cent on the money?—Yes; but so long as the notes remain out, we get the profit on the notes.

You state that the highest rate of interest which you pay is four per cent?—Yes.

Then the difference between four per cent and five per cent is a clear gain to you?—Yes, on our deposits.

Are there not bankers who do not issue small notes, and who yet give interest upon deposits?—Yes, there are bankers who do not issue small notes, and who give interest upon deposits, but they are very few in number.

Are there any bankers who give credits who do not issue notes?—None that I am aware of.

Do not the persons who possess those cash advances on your notes take their money out in any sums that suit their convenience, and make their payments day by day, as they may require?—Quite so.

In the same way as is practised in London?—Yes; I am not aware that there is any difference: they can draw whenever they think fit, within the amount of the credit, not drawing less than 10*l.* at a time.

You therefore pay odd sums?—Yes, certainly.

In case of an end being put to the one-pound notes, you would be obliged to pay that odd sum in gold?—Yes.

If a man drew for 9*l.* you would be obliged to give him a five-pound, and the rest in gold?—Yes.

If a person opened a cash credit with your bank, and you tendered him a five-pound note, you say he would immediately convert that into sovereigns: are you speaking from any experience of your own upon that subject?—A great proportion of the persons who have those cash credits are persons whose dealings are small in amount, and who therefore require a small currency in order to carry on those dealings; and again, I judge also from what I see, that five-pound notes have not that general circulation which one-pound notes have.

You

You state that half the circulation of Scotland consists at present of five-pound notes or larger notes?—Yes.

How do they get into circulation?—They are used, I believe, principally for the larger transactions; for instance, in a town like Glasgow or Dundee, where the transactions are of a larger description than in the country; and I am not inclined to think, that if the small notes were withdrawn, the circulation of the larger ones would increase.

Is the greater proportion of them issued on cash credits?—Our issues are made on cash credits or discount of bills.

Taking that part of the circulation which is issued on cash credits, can you form any calculation as to the proportion which the small notes bear to the total amount of that particular part of the issues?—I am not prepared to state that at present.

Supposing you were about to advance such a sum as 50*l.* on a cash credit to a respectable tradesman, or farmer, would not a proportion of that sum be issued in notes larger than one-pound notes?—It might, probably; it would depend upon the use to which the individual intended to apply the money.

What is the case generally?—I should say that a farmer would not require the larger notes.

What is the general amount of small notes you give in a payment of 50*l.* for instance?—Probably 20*l.* to 25*l.* in the smaller ones, if it was a payment made in a town, and the rest in the larger notes.

Are you in the habit of asking when they come what notes they will have?—Yes; that is the general question.

And it depends upon the object the person has what notes he will take?—Yes; it is impossible to lay down any general rule; it depends so entirely upon the use the individual wants to apply them to.

When you say half of the circulation of Scotland is in small notes, are the payments generally made for farming and manufacturing purposes in small notes?—They are principally used in the agricultural districts of the country, for the payment of wages in the large manufacturing towns, and for the ordinary payment of small sums.

Your main objection to the substitution of the sovereigns for the one-pound notes is this, that in giving a cash credit you fear that the party entitled to a sum of money would immediately, on receiving a five or ten-pound note, demand sovereigns for it?—Yes; we conceive that would be the case among tradesmen and smaller dealers.

There would be left to you a perfectly discretionary power to admit a cash credit or not?—Yes certainly, and therefore probably we should not admit it.

Supposing there were no usury laws existing, that there was no legal particular rate of interest, do not you think your objection would cease to apply, and that cash credits would continue, provided a banking establishment was enabled to charge such a rate of interest upon the deposit as would indemnify it for issuing the sovereign instead of the one-pound note?—I have no hesitation in saying, that if the banks found they made the same profit on the system now proposed, they could have no objection to continue it so far as regarded themselves.

Supposing there were no prohibition as to the rate of interest, do not you think Scotland would pay six per cent instead of five, rather than resign the cash advances if they required them?—I cannot say.

Supposing that a person was to open a cash credit, and if he took it in five or ten-pound notes, he could have it at five per cent, but if he took it in gold he must pay six per cent, do not you think that the notes would go fast enough?—My opinion is, that small notes or gold are required for the circulation of the country, and cannot be dispensed with.

The effect of a cash credit is, that the bank are always, generally speaking, in advance to the person opening that account?—Yes.

Are not the banks in Scotland generally in advance to those who open cash credits with them?—Yes.

They charge interest upon the balance of such advances, as the balances vary?—Yes, just so.

It is the object of a cash account to get advances from the bank?—Yes.

You have also deposit accounts as well as cash advances?—Yes.

You have stated in a former part of your evidence that cash accounts are only opened under the authority of the directors at Edinburgh; under such authority are

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cash credits ever opened at the branch banks?—Yes, certainly, they are opened throughout all our establishments.

But under the authority of the board of directors at Edinburgh?—Yes, that is always necessary.

You spoke of the money market, what do you mean by the money market, is that at Edinburgh or London?—In London money is more valuable than in Edinburgh, and of course I conceive the value of money in London has an influence all over the country.

When you speak of the money market, you mean the money market in London?—Yes.

What determines the amount of the issue in notes by a Scotch bank; supposing there were to be a great number of applications from perfectly respectable and solvent parties, do you ever hesitate on account of the number of them to advance money?—We are in the use of granting cash accounts on respectable personal security when we think it will be beneficial to the bank, and we are in the use of discounting good bills when offered to us; the check which exists, I conceive, on the undue issue of notes, is the knowledge the bank must have that such a proceeding would operate to its disadvantage and to its loss, and again the check of the exchanges.

All payments made by the bank are made by your own notes?—Yes.

Is there any variation in the rate of exchange between Edinburgh and London now?—There is none now, it is regularly twenty days, which is equal to a quarter per cent.

Do you apprehend if there was an excessive issue of notes, that would operate in the exchange between Edinburgh and London?—I conceive it is impossible there should be an over issue of our notes under the system of exchanges which exists at present. The whole of the banks of Scotland exchange their notes twice in a week; those exchanges at the branches are settled by orders on Edinburgh; those orders are brought into the Exchange in Edinburgh, and they are all settled and paid twice a week by drafts on London at ten days date; therefore any notes which have been issued over and above what the circulation of the country necessarily would absorb, are immediately returned on the banker so issuing them, and he is obliged to give his bill on London, which is paid with real funds here. If I may be allowed to state a case to exemplify what I mean, I will suppose that a merchant in Scotland, who may perhaps have a certain portion of his capital in fixed property, to the amount of 10,000*l.*, should go to a banker and say, here are the deeds of my property, make me an advance upon it, and the banker was to do so, giving him his notes to the extent of 10,000*l.*, the merchant we will then suppose might go into the cotton market and purchase cotton, and by his competition we may suppose that the prices of the cotton might be raised; the notes after having performed this transaction would be returned in the course of three days afterwards to the banker who issued them, and he would be obliged to give a bill at ten days date on London for them; so that in consequence of this check on over issue, the transaction would be virtually the same as if it had taken place by the payment of gold.

Why do you suppose that the notes are returned to the bankers who issued them within three days after the merchant has paid them away for cotton?—I say that provided they were over and above the amount the country could absorb in circulation, they would be necessarily paid in to one of the other banks, and they would bring them against the banker who issued them, and he would be obliged to pay them by a bill on London, which would be equivalent to his having paid gold to the person who lodged his deeds with him.

Would not the increase of the price of cotton absorb a certain portion of the over issue that you suppose may have taken place in consequence of that?—That is the only way in which the circulation of a country could be increased by a rise of prices; but if that continued, it is certain that the exchanges would turn against such a country very shortly, and would bring down things to their former level.

Would not the absorption of that over issue, arising out of the increase of prices, delay for a certain period the return of those notes upon the banker who issued them?—I do not think it possible any rise of prices would take place which would absorb the whole amount employed in purchasing the cotton; it might absorb a certain proportion of it.

Did you not say it was your own impression that there had been an over issue of notes in Scotland during some portion of the last year?—I do not remember saying

saying there was an over issue; I said that many persons had gone into joint stock companies.

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Do you think that the over trading and speculation led to an increase of issues of the Scotch bank?—Yes, but I do not call that an over issue, for the transactions of the country absolutely required them.

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You think, however excessive or absurd the spirit of speculation was, if that application was made by solvent parties to the Scotch banks there could be no over issue?—Of course we must use our judgment in respect to those issues; the parties were in many instances persons who had deposited money with the bank, and of course the circulation rises by deposited money being taken away from us, as well as by other modes.

In the course of the last year did you open any cash credits with persons resident in England?—No.

With no merchants at Liverpool?—No.

Your transactions were entirely confined to persons residing in Scotland?—

Yes.

Have you any connections with Liverpool?—No, we have no connections with Liverpool, except bills being payable there.

You have never scrupled to give a cash credit on two good securities being produced?—We also inquire as to the respectability of the individual.

Have you given your cash credits as liberally lately as you did in the year 1825?

Yes, certainly.

Do you open a cash credit with a solvent individual now with as little difficulty as in former times?—Yes.

Have you any reference to the manner in which the money is to be employed when you issue on cash credit, or only to your own security?—We have reference to the manner in which it is to be employed, so far as regards the useful circulation of our notes: if we found a person whom we considered a speculator or adventurer was applying for a cash credit, we should not be willing to give him such accommodation for common prudence sake; we generally find that unless an account is used in the fair ordinary way of trade, it is not so advantageous to ourselves.

On all the credits granted during the last eighteen months, reference has been had to the supposition that those were not to be employed in any improper speculations?—I would say generally that was a consideration taken into view among other matters.

On making those advances on cash credits, or in any other way, you have always inquired whether the money was to be employed in improvident speculations or proper speculations?—Yes; we must, however, give some facility to our customers; we cannot make too many inquiries.

Do you conceive the solvency of persons so easy to be ascertained lately as it was twelve months past?—Perhaps it is not so easy, after the check commerce has received, to ascertain that fact as previously.

Are any of the Scotch banks in the habit of discounting bills drawn by persons in England on persons resident in England?—That is not the practice; we are in the custom of discounting bills brought down by English travellers in Scotland, drawn on persons in Scotland; we do not discount bills on England, except bills on London; we discount for commercial travellers in Scotland, drawn on persons in Scotland, with whom we are acquainted; they are accepted by them, and of course we know them.

Do you ever give the accommodation of bankers for the purpose of carrying on trade in England?—It is not our practice; I may say there may be insulated transactions, but it is not the practice of any banker in Scotland.

Bills on England are not refused?—They are not refused. I think there may transactions of that kind exist occasionally, but they are not general.

You have stated in a former part of your evidence, that it is the practice to open branch banks in poor districts of the country, for the purpose of the advantage which results from the issue of notes in those districts; what is the security that the banks require, generally speaking, in those poor districts where their notes are so issued?—They issue them on bills and on cash accounts, as they do elsewhere.

What is the nature of the security you take on making those advances?—The business is conducted in precisely the same way as at our other establishments.

A poor farmer to whom you make advances in those districts must find two securities to the satisfaction of the directors?—Yes.

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How long do the small notes generally circulate in the distant districts to which you refer?—The general term of a one-pound note's duration is reckoned to be somewhere about three years.

Do those notes, in the remote districts, remain out longer than they do in the other districts?—Yes, I think so.

Then you make a larger interest upon the notes circulated in those districts than in the towns?—Yes; in Glasgow for instance, the return of our notes is very quick.

Your notes are all convertible into coin at the will of the holder?—Yes.

Suppose the notes are issued at a branch remote from Edinburgh, are they convertible at that branch or only at Edinburgh?—At Edinburgh only.

Supposing there was a deficiency in the corn crop in Scotland, and it was necessary to make a sudden and considerable importation of corn, and the payment of a considerable proportion of that could be made only in gold, do you think the present system of banking in Scotland is a secure one?—I should consider it secure; there is always a certain proportion of gold in the country, and if more was wanted on any sudden emergency it could be purchased.

Should not you rely on England alone for the supply?—We certainly should look to England for a supply in such a case.

Would not the means taken by the banks, of providing for their own security, be a very sudden contraction?—If it was to be supposed that a demand was to be made in gold to a very considerable extent, to meet such an emergency the banks would, for their own security, withdraw a certain portion of their notes.

Do you think the system a secure one in case of sudden panic?—I consider a sudden panic a most improbable thing in Scotland, from the great confidence that generally prevails in the establishments throughout that country.

Cannot you conceive a state of things in which there might be a desire to have gold without any distrust of the solvency of the banks which issued the notes?—In such a case as that stated, gold might be required very suddenly; but I think that the importation of corn must go on gradually, and there would be time for persons to provide themselves in time for that.

What is the process by which that must be effected?—There are two modes of procuring gold, either in the bullion market, or by application to the Bank of England.

How should you possess yourselves of it in the bullion market?—By paying Bank of England notes.

What would be the cost of procuring gold?—The cost of sending down gold to Scotland would be from a half to three quarters per cent; the insurance is about 5 s.

Would the re-establishment of a mint at Edinburgh be of service?—I conceive it would be of great service; it would certainly be a hindrance in such a case, if we were obliged to send 400 miles for our gold.

Is any gold or silver landed at Glasgow?—There is some landed in Glasgow from South America.

That is sent to London?—Yes.

Was there any demand in Scotland for gold during what has been called the panic here?—None, except by one individual; I believe one individual applied to the banks for gold.

Was he a Scotch gentleman?—It was Mr. Maberly.

Do you know to what amount?—I believe on one occasion there was 50,000 £ sent up to London by the mail-coach.

Was that demand made in consequence of any apprehension Mr. Maberly had of the solvency of the Scotch banks, or from any other motive?—I am not aware of Mr. Maberly's motives, but do not suppose that his proceedings had any reference to the solvency of the banks.

Do the Scotch banks take his notes in exchange?—He is not considered within the circle of the Exchange.

What is the firm of the bank?—John Maberly and Company.

Do you know any thing of the circulation of the islands on the western coast of Scotland?—I believe it is principally composed of the notes of the bankers in Edinburgh, at least in the northern islands the notes of the bankers in Edinburgh principally circulate; but I am not aware of the circulation in the western islands.

Is there not a considerable portion of gold circulates in those islands?—I do not know.

Was

Was there not a period, not very distant, when in Scotland gold was very much preferred to paper?—I am not aware that such was the case.

Are you acquainted with the circulation in that part of Scotland?—I am not particularly.

With regard to the probability of a run upon Scotland from a bad harvest, in that event are you not of opinion that the property which the Scotch banks possess in our funds, and the credit which they possess also with their agents in London, would enable them to provide for any want created by such scarcity of corn, in a very easy and speedy manner?—I am certain that they would be able to provide for it immediately, without any difficulty.

Supposing there happened to be a simultaneous demand for gold, would Scotland have any other resource but England?—I am not aware of any, unless we sent to Hamburgh; probably we might send there.

You have never known any pressure or panic for gold in your time?—Never.

Have you ever heard of such?—I believe Adam Smith mentions one.

You stated the expense of carrying gold to be about three quarters per cent?—Yes, one half to three quarters per cent.

Do you conceive that would be the expense of a general diffusion of gold through the country?—That is the expense of bringing gold to Edinburgh.

You have stated that, in the event of a want of gold to pay for the importation of grain, Scotland might send to Hamburgh for such gold as it wanted; what would Scotland send to Hamburgh at such a period, when it wanted gold in return for the corn imported?—If there were no payments due from Hamburgh to Scotland, we must of course pay for the gold.

By what process?—I conceive that there would be none except in Bank of England notes, provided there were no payments due from Hamburgh.

Would not the same process by which you could obtain gold from Hamburgh enable you at once to satisfy the demands which might be made upon you for gold in payment for corn?—Yes, certainly.

Has the bank with which you are connected ever imported any gold from London?—Yes, we are in the use of getting small quantities constantly.

Which costs you three quarters per cent?—Yes, the charge of insurance is 5s.; then there is the carriage, and I reckon something for the risk.

What, as the system of banking is now carried on, is the proportion which a bank thinks it necessary to keep, either in coin or in paper, of the Bank of England?—The general opinion, I believe, that is entertained as to the proportion which should exist of the precious metal, as compared to the circulation of a bank, is one fourth; that is stated by Adam Smith.

What, in point of fact, do you conceive is the proportion of gold or Bank of England notes now kept by Scotch banks, in order to meet demands upon them for payment, in either the one or the other of those currencies?—I really cannot make any approximation to the amount that each bank may think it necessary to keep.

In your own bank?—With regard to our own bank, our stock is continually fluctuating, and is more or less almost every week. I cannot fix on any point; I cannot state what it is at any certain time, nor that any particular proportion has ever been assumed.

Supposing your bank to have 500,000 pound notes in circulation, what is the proportion of gold coin or of Bank of England notes which you keep for the purpose of meeting the demands upon you?—I conceive that if I stated the amount of gold we keep in our coffers, I should be stating one of the secrets of the Company.

The question is not the amount but the proportion?—There has never been any proportion fixed, and it constantly varies.

When it is at the lowest, is it one tenth?—I am not prepared to say that it is one tenth.

Is it one twentieth?—Yes; I think it is above one twentieth.

When at the lowest?—Yes.

When at the highest is it one fifth?—No; I think it is not.

Is it one tenth when at the highest?—No; it is not one tenth.

Is it one fifteenth when at the highest?—Probably it may be so.

You include gold and Bank of England notes?—Yes; but I must again say that this sometimes considerably fluctuates, and I really cannot approximate to the question in such a way as I would wish to do. Perhaps if I was to name an eighth or tenth I should be nearer the truth.

Suppose by any contrivance at the close of this day's business, all the one-pound notes

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notes were annihilated, and replaced by gold, sovereign for note; and suppose further, that at the close of this day the power of creating and issuing one-pound notes should cease, what would be the difference it would make in the system of banking in Scotland?—I conceive that the banks would certainly withdraw a considerable proportion of their branches, particularly those at the furthest extremity of Scotland, such as Tain and Fort William and Stranraer, and perhaps even they would come nearer to the centre of the kingdom, unless some new system was immediately resorted to, by which the profits resulting from the granting of cash credit, and the circulation of our notes connected with them, was realized in another way. I think the cash credits would necessarily be withdrawn, and that the same interest would not be allowed to the depositors of money with the banks of Scotland.

In this supposition there would be no loss to the banks, nor any loss in procuring the gold; why, therefore, should there be any difference in their mode of conducting their business?—It appears to me that even though Scotland was saturated with gold in place of the one-pound notes, it is very possible that this gold might determine towards London, that there might be some difficulty in keeping up that kind of circulation.

Suppose the one-pound notes now existing to be replaced by gold, but you should continue to issue the one-pound notes, what would then happen?—I believe that if the bankers were permitted to issue one-pound notes and a metallic currency existed at the same time in Scotland, the one-pound notes would drive out the metallic currency.

Do not you conceive the situation of a Scotch bank to be this; that it is the agent between the man who wants to lend money and the man who wants to borrow, taking a commission for the agency?—I understand that to be the business of all bankers.

Then why should not the Scotch banks stand in exactly the same situation as an agent between the two who had money to borrow, charging a commission?—I have no hesitation in saying that they would certainly, but there must be a commission charged, or something else to replace the profit we now enjoy.

Supposing sovereigns deposited at a Scotch bank on which it was paying an interest at four per cent, the Scotch bankers would sooner issue those sovereigns at five per cent than retain the money in their coffers, would they not?—We now gain a certain interest on notes as connected with deposits; in the other case we should lose this profit and be saddled with the expense of conveying gold to a number of branches, which would oblige us to make a difference in the rate of interest allowed to our depositors.

By doing away the one-pound notes your profits would be lessened?—Yes.

And being so lessened, you could not afford the facilities to the country which they now enjoy?—No.

The country must pay more for it?—Yes.

You have stated that the average duration of a one-pound note may be taken at about three years?—Probably so.

What is the expense of keeping out a one-pound note for three years, including the stamp and all the charges incident to it?—The stamp is five pence; it would amount to from seven pence to eight pence.

The question refers to the expenses incident to your business, the whole establishment, which you must deduct from your profits; is it so low as eight pence for three years?—I think so; we are in the use of making the calculation in this way; to consider the profit we get from the circulation, and then to deduct the charges on the circulation of the notes.

Of the whole amount of one-pound notes in circulation, what proportion do you conceive are generally not making interest, but dormant in the hands of those who issue them, or employed in any way not productive?—It is very difficult to state what may be the proportion, I reckon about seven hundred thousand are required in addition at particular periods of the year.

Taking eighteen hundred thousand as the average, what is the proportion you consider as not producing interest?—I think we should want 700,000*l.* at particular periods of the year; about eighteen hundred thousand I consider as productive to the bankers.

How many years have you been connected with a bank in Scotland?—I think about thirteen or fourteen years.

Do you know whether there was much gold circulating in the Highland districts before

before the banks were established?—I do not know that there was; my information, as far as it goes, would lead me to suppose there was not. I believe there was a considerable circulation in silver.

Has your bank any branch in Glasgow?—Yes.

Do you know the mode in which discounts have been generally conducted at Glasgow, as connected with the South American trade?—Yes, I am aware of the mode in which they have been carried on there.

State the mode in which those transactions have been carried on within the last twelve months?—In making the statement, of course I make it as far as I have heard it; I understand the system at present existing in Glasgow is this, that there are one set of persons in the use of receiving consignments of goods made for the South American market; there are another set of persons, the manufacturers who manufacture those goods; the latter put into the hands of the former a certain amount of goods, and I believe the practice is for the consignees to advance to the amount of two thirds of the invoice of those goods, and the mode in which the advance is generally made, I believe, is by an acceptance.

At what date?—In speaking from my own experience, and from the practice of the banking establishment with which I am connected, and which I can do confidently, as I have great part of the charge of it myself, the average date is not beyond four months.

Are those bills renewed when they come to maturity?—Not to our knowledge, and we do all we can to prevent such transactions; we are not in the practice of renewing bills.

Is the broker or consignee at Glasgow generally a person who purchases the goods on his own account, or the agent of the manufacturer, on whom the manufacturer for the convenience of this circulation draws a bill?—I have understood that in very many cases, probably in most, the transaction is made for the account of the manufacturer.

And the consignee on whom he draws is in fact his own agent?—He is the agent for the man who lodges the goods in his hands.

If this agent of the manufacturer does not receive from South America the remittances for those goods within the three or four months for which he has accepted the bill, how does he keep alive that mode of payment, that credit?—Those gentlemen who are engaged in the trade, and receiving those consignments, are many of them; as far as my information goes, men of large capital, and of course if they do not receive the sums, they must pay the bill by their own funds.

Are there any that are not persons of large capital?—That is a question I really cannot answer.

Is this a new mode of carrying on trade?—It has existed ever since I have had any thing to do with Glasgow.

Has it not considerably extended?—I believe that since the South American continent has been thrown open to the enterprise of the merchants of this country, it may have been extended, but that it has existed for some years back to a considerable degree.

This trade then is carried on not in consequence of any orders received from America, nor by any merchants in this country purchasing the goods from the manufacturer for that market, but by the manufacturer sending down his goods to his own agent at Glasgow, drawing upon that agent, and taking his chance of the goods finding a market wherever the agent may send them?—I believe that in some cases that is precisely the state of the transaction; but I always have understood that there are a number of the Glasgow houses have connexions in South America; they have some of them houses there, who give them advice as to the proper mode of carrying on their operations, and that those goods are consigned to such agents.

Have any bills been discounted at Edinburgh of a longer date than four months?—It is not at all our practice to discount bills of a longer date; instances may occur, but generally speaking the bills are at three months.

Do you know whether bills originating in London and in Liverpool to a considerable extent have been discounted by Scotch banks?—I am not acquainted with any instances of the kind except two or three insulated instances, which would not warrant me in saying such is the practice.

Are goods sent to Liverpool on the same system of agency for sale in South America as has prevailed in Glasgow?—I am not acquainted with the fact, if it is so.

Do any of the houses in Glasgow, connected with those agents of houses in America

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America, make up consignments of foreign goods to the same market, such as French goods, linens, and so on; I do not know; I cannot state that fact.

You have stated that the profit of the Scotch banks consists in five per cent upon the amount of the one-pound notes which are continued in circulation at present?

—Yes.

Therefore, assuming 1,800,000 *l.* to be the average amount of that kept out in circulation, the profit upon the 1,800,000 *l.* would be 90,000 *l.* per annum?—Yes.

But inasmuch as you have stated that a deduction from that profit must be made, equivalent to what is paid for stamps and other expenses, which you estimate at about 8*d.* upon each note, the deduction from that 90,000 *l.* would be in the proportion of 8*d.* in the pound for three years, which upon a calculation would amount to exactly 20,000 *l.* per annum. Upon this statement, then, the whole profit to all the banks in Scotland, arising from the circulation of one-pound notes, is 70,000 *l.* per annum?—Yes, upon that statement.

There is before the Committee a statement which shows that the number of banks in Scotland is thirty-two; the whole profit, therefore, to be divided between those thirty-two banks would amount to 70,000 *l.* per annum, arising from the circulation of one-pound notes?—That would appear from that statement.

From which a further deduction must be made of the value either of the gold or Bank of England notes provided by the several bankers to meet the demands which may be made upon them?—Yes.

If the one-pound notes are withdrawn and done away, those facilities of the cash credits and interests upon deposits must naturally cease or be lessened?—Yes.

Would not the country at large, then, have to pay an additional charge before they can again be granted?—Certainly, to meet the profit that we now receive upon those transactions.

Would not more five-pound notes be issued, supposing the one-pound notes abolished?—At the time the Bank of England ceased to issue one-pound notes, I referred to the returns which were made, and I found that as the one-pound notes were called in, the total amount of the circulation of the Bank decreased in precisely the same proportion as the one-pound notes were withdrawn; that is the only circumstance to which I can refer, which will lead me to suppose there would be no increased circulation of five-pound notes; the one-pound notes, as they were withdrawn, left a vacuum in the circulation of the Bank of England precisely to their amount; and therefore I presume much more would that be the case in Scotland, where the payments are smaller and much more likely to require sovereigns.

Did you ever make any calculation of the amount of one-pound notes lost or destroyed, and which never return to the bank?—I have never made the calculation, but I conceive the amount is very small.

Has your attention ever been drawn to the point?—I have thought of it, but I have not paid great attention to the matter; of course it is impossible for a bank to know when those notes are destroyed; they may appear against them at any time.

Is there a large amount of notes outstanding of a longer date than 1821?—I am not prepared to answer that question.

What is the practice in the bank with which you are connected as to unclaimed deposits?—I do not know that we have any unclaimed deposits.

Is there any publication of the unclaimed dividends?—No.

Are there any on which there is interest unclaimed?—No; I am not aware of any.

Do you recollect the period of 1814, 1815 and 1816 in Scotland; was it not one of considerable distress, and were there not a great number of bankruptcies?—Yes; there was a great deal of distress in Leith.

Was the circulation of the Scotch banks considerably contracted at that period?—I really cannot answer that question. I do not remember how it stood.

The Committee could have a comparative scale supplied to them of 1815 and 1825?—Certainly.

Do you recollect more particularly the period of 1820 and 1821?—I cannot say that I do. I did not make any reference to this before I came away.

Has your bank an establishment at Kirkcudbright?—We have an establishment, one at Dumfries, one at Annan, and one at Stranraer.

Did those establishments exist in the year 1820 and 1821?—The establishment at Annan has been set up only the other day; the others did.

Do

Do you recollect any of the difficulties which occurred to the bank at Castle Douglas near Dumfries?—I do not know that there were any difficulties connected with that establishment.

Do you recollect a great fall in the price of cattle, and a great revulsion in the years 1820 and 1821?—There was a great complaint among the agricultural interests. I do not know that there was more than there was all over the kingdom. I recollect in the Galloway district there was a great deal of distress.

Were there a great many cattle-jobbers who failed?—I believe there were.

What was the system of buying cattle at that time?—I cannot speak to that.

Did you ever hear of farmers selling their cattle for the acceptances of the drovers, which the bank discounted?—Yes, I have heard of such transactions.

To a great extent?—I know we had very little to do with such transactions, if at all. I cannot speak as to what our neighbours did.

Were there considerable failures in consequence?—There were considerable failures of the cattle-dealers; how they originated I do not pretend to say.

Did those failures, and the destruction of that system of credit, bring great distress upon the farmers and the land-owners of that district?—I recollect perfectly that there were failures among that description of men, and that distress was thereby occasioned; but I am not at all prepared to enter into a detail of the facts; my attention was not so much fixed upon them; I know we had very little to do with the distress.

Does the same system of balances between one bank and another, which are adjusted twice a week, apply also to the branch banks?—They are adjusted in the same way; each branch exchanges one against the other.

Each branch bank settles with the nearest bank to it?—In case there is only one branch existing in a town, the practice is to send the notes to be exchanged to Edinburgh.

Is there a meeting of the bankers in Edinburgh twice a week to make those adjustments?—The clerks of the different establishments meet and exchange the notes.

Do you know of the system which prevails in London among the bankers, understood by the name of a clearing house?—Yes, perfectly well.

Is the system of adjusting among the Scotch banks similar to that?—It is not similar in practice.

Is the effect the same?—The effect is the same, as far as regards the liquidation of the balances.

The balances are settled by bills on London?—Yes, at ten days date.

Every banker gives another banker a bill on London?—Yes.

Is not this mode of paying money in London rather a matter of some trouble and expense to the banker in London?—Yes.

Did you ever hear of bankers in London complaining of very large payments being to be made at very short dates?—I have heard statements made that those payments occasion trouble and perhaps risk in conveying the money from place to place.

This operates in your judgment very powerfully in keeping the circulation of individual bankers in a proper degree and preventing an over circulation?—I conceive it quite impossible that any over circulation can take place.

Do you know what was the extent of the circulation at the time of the Union?—It is stated in Adam Smith that it was about a million.

What should you conceive to be the circulation at present?—Three millions and a half.

Should not you conceive that a very small increase, considering the increase of the transactions of the country?—I have to establish a comparison with another country before I could answer that; perhaps it is small.

The circulation was in gold and silver at the time of the Union?—Yes.

At what period did the British Linen Company raise their allowance on deposits from two and a half to four per cent?—It was, I think, somewhere about the month of November last.

Can you state the period at which you reduced the interest to two and a half per cent?—I cannot state the date.

Did you allow that to any stranger who deposited money with you?—Yes, to any one under ordinary circumstances.

In the 1,800,000*l.* which you calculate as the amount of the small-note circulation in the hands of the public, do you include the portion of it which is in the north of England?—Yes, I should take the whole.

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*Mr.
Alexander Blair.*

(21 March.)

What proportion is circulating in the north of England, in your opinion?—I cannot state any thing like a guess on that subject.

You have no agent in England?—No, we have no branches or agents in England; we have persons who keep accounts with us, but no agents.

No persons to whom you make an allowance for issuing any of your notes?—No.

Do you transmit notes to them for the purpose of putting into circulation?—We receive bills from them at a fixed date, and transmit them notes in return.

You do transmit your notes to Carlisle in return for drafts?—Yes, for drafts on London, at a date agreed upon.

Supposing that a one-pound note could not be issued in England but might in Scotland, would it not be the interest of the Scotch bankers to displace the circulation of notes of the English bankers in the north of England?—I do not know; but the English bankers might easily prevent that, they have the means in their own power.

Would not the profits of the Scotch banker be increased in proportion as he could displace that?—On the circulation they certainly would.

How would he stop it?—By the English bankers charging a commission on all Scotch notes presented to them, or by refusing to take them.

Are you endeavouring to establish any agencies in the north of England?—No, we have no such view whatever.

Have you any correspondent in any part of the north of England except Carlisle?—Yes, we have at Berwick.

Have you any correspondent in Newcastle?—No.

Any at Morpeth?—No, none.

Are Carlisle and Berwick the only places from which bills are sent to you for discount?—There are also some sent to us from Penrith.

Do those bear a large proportion to the general extent of your dealings?—No, a very small one.

What is the town in Scotland the most to the north in which you have a branch?—In Tain.

Does your agent at Tain frequently require supplies of notes from you to keep up his circulation?—Yes, they are regularly sent to him from Edinburgh, or from another branch near to Tain.

You have already stated that the notes sent to those remote districts remained longer out in circulation than those which are circulated in the more populous parts of the country?—Yes.

If that is the case, how is it your agent requires continual supplies from Edinburgh?—Because his stock is exhausted; in the course of time perhaps those notes are carried out of the country.

Are they circulating, and occasionally paid into his hands?—A proportion of them are occasionally repaid to him, but he requires supplies from time to time.

Have you seen the effect of establishing a branch in the corresponding prosperity of the country?—Certainly, we have found that the country has improved in consequence of the establishment of those branches, by a judicious application of capital.

Are there not profits made from other sources than the circulation of notes?—Yes, from deposits; the difference between the four and five per cent.

Do you not discount bills there?—Yes, we discount bills also.

Is there an abundant supply of silver currency in Scotland?—Yes, we have sufficient for our purposes.

Would not an additional supply of crown-pieces, in the event of the suppression of one-pound notes, add much to the facility of the circulation of Scotland?—I think very possibly that it might.

Would it not, if carried to a sufficient extent, answer all the public purposes of a circulation of one-pound notes?—I do not think that at all probable; a crown-piece is a very cumbrous coin to carry about; I do not think it is a piece that persons like; it may be useful to a certain degree.

Your only objection to the crown-piece consists in its being cumbrous and inconvenient?—Yes, as a description of coin.

You have spoken of cash accounts; when a cash account is opened with your house, is not some allusion always made to the character of the individual, to his habits of business, and do you not in fact make a pretty accurate inquiry into his circumstances?—We always do so.

You are not in the habit of creating those cash accounts without some previous inquiries, either at your principal stations, or your branches?—Certainly not.

Do

Do not you look more to the stability of the securities than you do to the individual who opens the cash account?—We take them all into view.

You take into view the description of trade which the man asking the advance is to carry on with reference to your circulation?—Yes.

Would you object to a person opening a cash account with you, knowing him to be possessed of no property, provided he tendered you the security of two persons of acknowledged property and character?—It would depend upon the character of the person in some measure.

Are you aware that a person paying a small sum at the Register Office can ascertain whether there is any incumbrance on the estate of an individual?—Yes.

And what estate he has?—Yes.

Are you aware that in the banking establishments in Scotland every individual partner in those banks is liable with the whole of his property, both real and personal?—I understand that is the case with many of the establishments in Scotland, but not with the whole.

With the exception of the chartered banks?—Yes.

You have stated that the present circulation of Scotland is 1,800,000 *l.*, do you happen to know what has been the circulation of the banks in Scotland for the last three years?—No; we made up an estimate of it at the present time, according to the best means of information we possessed, and I believe that what I have stated is correct.

Does any communication take place between the banks as to the accommodation given to the same individual by others?—Yes, we do make inquiry.

Did your bank discount any bills of any London houses lately?—Yes.

Can you state the longest date of any of those bills?—I do not remember the longest date of them.

Were they twelve months after date?—No, I think some of them six months.

Are you sure none of them were nine months?—I cannot be sure of that.

Was it the usual course of business for Scotch bankers to discount very long dated bills sent them from London?—It was not: this was one transaction; it was insulated.

At what rate did you discount those bills?—At the usual rate; we made no difference; I think at that time it was four per cent.

Did it not occur to you that it was extraordinary that bills drawn in London, accepted in London for English transactions, and at a period when discount was so easily obtained in England, at four per cent or under, should be sent to Scotland?—It certainly was a transaction which was not a perfectly regular one.

Were there any bills of a like description sent from Liverpool?—No, not to us; this is the transaction to which I have referred in my evidence.

What is the longest date of bills generally in your country?—Three months is the general date; three and a half sometimes.

Were there the names of Scotch houses on the bills to which you allude?—I rather think not; I rather think the bills were drawn on and accepted by houses in London.

Had you had communication with the thirty-two banks stated in the paper before the Committee, when you made your calculation of the amount of circulation in Scotland?—No, I had not; we made the best calculation we could.

Then it is not the effect of a communication with the directors of the several banks?—No, it is not; we made it out as far as our own knowledge went, and considered what we should apportion to each bank.

Then it was only conjectural as to the other banks?—Only conjectural.

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Mr.
Alexander Blair.

(21 March.)

Mercurii, 22^a die Martij, 1826.

Kirkman Finlay, Esq. called in; and Examined.

YOU are very intimately acquainted with the general state of commercial transactions in Glasgow and its neighbourhood?—I have some knowledge of them.

Will you give the Committee a general view of those commercial transactions; what are the great articles of manufacture, and with what parts of the world the trade of Glasgow is in general carried on?—The manufacturing trade of Glasgow consists principally of the finer kinds of cotton goods, indeed of most kinds of cotton

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goods, some printed calicoes; and those goods are disposed of to all parts of the world, as well as a very large internal sale in Scotland and England.

Is the trade direct from Glasgow to foreign countries, or is any part of it carried on through the medium of Liverpool?—A very large part is carried on by the medium of Liverpool, some of it direct, and some of it through the port of London.

What is the number of banking establishments at present in Glasgow?—There are three principal banks in Glasgow, all the others are branches of other banks.

Will you have the goodness to give the names of the principal banks in Glasgow, and the names of those establishments in Edinburgh or other places with which the branches are connected?—The principal banks are, the Ship Bank, the Thistle Bank, and the Glasgow Bank; the branches are of the Royal Bank of Scotland established at Edinburgh, the Bank of Scotland, the British Linen Company, the Paisley Bank, the Paisley Union Bank, and the Renfrewshire Banking Company; those are branches, all of which do business. I believe almost every bank in Scotland has an agent, but all the banks in Scotland do not do general banking business in Glasgow; those I have mentioned are the banks whose branches do banking business at Glasgow.

Is the seat of each of those establishments in Glasgow itself; is there an office belonging to each in Glasgow?—Of the branches there is.

In the case of the banks which are established there, can you state with tolerable accuracy the number of partners in each establishment?—From a return I have seen, I believe the Ship Bank consists of three, the Thistle Bank of six, and the Glasgow Bank of nineteen.

Do the banks in Glasgow, either the banks themselves, or the branches of other establishments, conduct their business upon the same principles, or is there any material variation in the mode in which any one of those establishments conducts its business from others?—I believe all the banks and branches established at Glasgow conduct their business on the same principles.

Do they all receive deposits?—They all receive deposits, all grant cash accounts, and all discount bills.

Do they all allow interest on deposits?—All.

Is the general rate of interest allowed the same?—At present it is quite the same; all branches and banks allow four per cent interest at present; last year there was a material difference.

What was the amount of the greatest variation in the interest allowed last year?—Some banks, and on deposited money that was not an operating account, allowed only two per cent; on operating accounts they allowed two and a half per cent; other banks again allowed three per cent on every account.

By an operating account you mean what is called a running account?—I mean where money is frequently paid and drawn out, perhaps in the course of the day.

In those cases they allowed interest upon the balance which remained in the hands of the banker?—Yes, daily.

What is the rate of interest they charge in keeping a cash account, is that the same in all cases?—At present it is five per cent, last year it was four per cent.

The uniform practice is now to give four per cent upon deposits, and to charge five per cent on cash accounts?—Precisely so.

Have the goodness to explain in detail what is the general relation in which the commerce of Glasgow stands to the banking establishments: in what way the commercial establishments derive advantage from the banking establishments in Glasgow?—In the first place they receive accommodation when they require it, as far as the amount of the cash account that they are entitled to draw; then they receive accommodation by the discounting of such paper as they may offer to the bank, and which the bank approve within the date that they consider to be proper to discount at, and of such credit with the bank as they think justifies the discounting of that paper.

Do you apprehend that there is expressly any communication between the banks as to the accounts opened by individuals connected with commerce, in order that one bank may be enabled to ascertain the amount of business which is done by any particular individual with any other banking establishment?—I do not think any such practice prevails at Glasgow.

What is the general date of bills discounted by the banks in Glasgow?—At present I understand three months.

Is that the general principle upon which they all act?—I understand, because I merely speak from information, I do not know practically myself the least about it;

it; but I understand from the Royal Bank itself, of which I am an extraordinary director, and occasionally know generally what they are doing, but without knowing it to be the fact, I believe the rule is at present three months, and that is the rule of all the banks where they can adhere to it; but in the present state of money matters and of mercantile affairs, it is quite impossible for a bank, with safety to themselves or any convenience to the public, to adhere rigidly to any rule.

Do all the banks issue one-pound notes?—All of them; and most of them one-guinea notes.

Very few two-pound notes are issued?—Very few; some few two guineas.

What are the principal notes the banks and branch banks issue to supply the circulation of Glasgow?—One-pound and one-guinea notes.

Is there any material amount of gold circulation in Glasgow at present?—So small that it may be called none at all.

Can you form any estimate at all of the amount of the small-note circulation which is sufficient for the transaction of the current business of Glasgow?—I cannot.

Do you think it varies in amount, or that it is tolerably fixed in its amount?—I am quite satisfied it varies in amount.

On what do you conceive that variation to depend?—I think it depends mainly upon the price of labour, and upon the price of materials and productions, the general price of commodities.

Is there any fixed principle on which the banks act in regard to the issue of small notes?—I do not believe that there is any principle upon which they act further than to take care in issuing the notes that none of the exchanges which take place twice a week shall be materially against them, or that they shall not continue against them any length of time.

Each bank has an interest to issue as much of the small-note circulation as it can?—Certainly it has, provided the small notes can be kept out; but as every bank makes an exchange at Glasgow twice every week, and the exchanges of each bank come back upon itself, and the balance is paid by a draft on Edinburgh at sight, it is disadvantageous to the bank to issue more than, in the opinion of those who manage, will really remain out and are wanted for the circulation.

Do you think, in case of an excess of circulation, it would produce any demand for gold, or would the corrective be an operation in the exchange with England?—If any one at Glasgow were to issue more than the circulation could absorb, than the wants of the country required, the consequence would be a balance of notes against that particular bank, in the hands of all the other banks, and a draw upon their account in Edinburgh; the agent there would be obliged to pay whatever balance arose there, in a bill at ten days date upon London; but I am not aware that any corrective would arise from an obligation to pay gold, unless an opinion were formed of the instability of the establishment that so issued the notes.

As each bank is directly interested in issuing as much paper as it can, where there is a very active spirit of speculation, might not there be for a time a considerable over issue of notes from the whole of the banks together?—I think it is quite impossible there could be any over issue of notes, because the universal practice at Glasgow is to pay into the bank with which the individual transacts his business the whole of the notes he has in his possession, or nearly the whole, every day; the consequence is, that if all the banks were to attempt to issue a larger amount of notes than the demands of the country required, all those notes would find their way into some bank or other, and then would meet in a very few days, perhaps in a few hours, in the Exchange.

There is one bank with which you are immediately connected as a director?—As an extraordinary director.

Can you state what is the amount of the small-note circulation in that bank, as connected with its whole circulation?—I never looked into the details of the bank; I do not know that I have even a right to look into them; I do not meddle at all with any of the details.

Do you know whether the small-note circulation amounts to one half of the whole?—I have been told by the manager; I do not know that he looked at the books at the moment, but I was impressed with a belief that in that establishment it amounted to one half.

The Committee were informed yesterday by a gentleman who spoke after having made inquiries, that the small-note circulation, meaning by that the note circulation under 5*l*. bore to the remainder of the bank-note circulation of paper a proportion of about eighteen to seventeen, that is, rather more than half of the whole circulation;

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circulation; do you conceive that to be about the proportion of the notes in circulation in Glasgow?—I really have no means of forming an opinion; it would be a mere conjecture: when the question was first agitated I did conjecture it would be about that.

You have not the slightest ground for forming any opinion as to the amount of small notes in circulation in the neighbourhood of Glasgow?—No, I have no means of forming the least opinion upon it that I could state.

What do you apprehend would be the effect of an obligation imposed by law upon the bankers in Scotland generally to discontinue the practice of issuing one-pound notes, and to substitute for the circulation thus displaced a circulation of sovereigns; what would be its effect upon the banking establishments, and on commercial interests generally?—It would take from the bankers of course a means of profit which they enjoy at present; lessen to the amount of that sum their means of accommodating the public, and of course take away the inducement they have, as far as that forms a matter of profit to them, of lending the accommodation to the mercantile and agricultural interests, which they now do.

Do you think there would be any other circumstance than the loss of profit to the banking establishment that is now derived from an issue of small notes?—I have stated that it would disable the banking establishments from lending the same accommodation that they now do, and I think the inconvenience would be the want of accommodation to the mercantile interest as well as the want of profit to the bankers themselves; excepting that, and the charge of transporting gold, I am not aware there would be any.

Supposing 100,000*l.* was sufficient for that part of the circulation of Glasgow which should consist either of notes below 5*l.* or of coin, and supposing coin to the amount of that 100,000*l.* to be once supplied and in circulation in Glasgow, do you apprehend there would be any change whatever in the mode of transacting business in Glasgow at the banks, or any difference in the amount of accommodation which the banks will grant to the mercantile interests?—I think the banks of Glasgow would always charge as the banks at Manchester charge for the supply of gold; and I understand from the bankers at Manchester that they always find and always have found a necessity for bringing gold, and the consequent charge upon it: what may be the effect in the country, after the whole country is supplied with gold, I am not quite prepared to say; but I know the fact that it is very difficult, even full of silver as the country is, to keep up the quantity of silver requisite in the remote districts.

Do you know what is the state of circulation of Manchester and the Lancashire district at present?—I was in Lancashire the other day, and received accounts that almost every person paid wages in gold, and in nothing else; a very considerable quantity of bank notes circulates in other ways, but I believe the most respectable manufacturers of all classes are at present in the habit of paying gold. I have certainly heard of another species of circulation, very unsound indeed, giving orders on publicans and other persons to supply provisions, and afterwards paying them, but I have no knowledge of such a thing.

That probably is to a very small extent, when compared with the circulation of the country?—I apprehend to a very limited extent; I have no knowledge indeed of it; I only heard it.

After the introduction of such a gold circulation into Glasgow as you before referred to, namely, one sufficient for the ordinary circulation of the town, there can be no reason why a banker should not give the same accommodation to the mercantile interests, that the banking establishments in Lancashire now give to the mercantile interests there?—I apprehend none at all; that is, upon an adequate charge: the practice has been in Scotland for the banks to charge nothing at all, and the inducement for their charging nothing at all has been the circulation of their notes; if those notes are withdrawn, and they are obliged to substitute a currency which gives them no benefit, of course they must find their profit in something else, and make that charge, or perhaps a higher charge than it has been the practice to do in Lancashire, as the cost of conveying the gold, supposing it not to remain, as I understand it does not remain in Lancashire, their charge would of course be a little more than it is at Manchester, in consequence of the greater distance. I am not aware of any other difference.

Do the banks in Liverpool and the Lancashire district discount the bills of merchants in the same manner as bills are discounted at Glasgow?—The banks at Manchester discount no bills but bills on London, and the whole transactions of
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Manchester therefore centre in London; but a great deal of business is done at Glasgow, where the payment is never made in a bill on London, where the transaction begins and ends at Glasgow, where the bill is granted by the individual, payable in Glasgow, and is there paid.

How is the business transacted at Liverpool?—There are some bills paid in Liverpool, but the amount paid in Liverpool, compared with the amount drawn on London, is very small indeed; there is a very small number of bills paid in Liverpool, as compared with their business, in proportion with the bills in Glasgow, as compared to the business done there.

Did you ever hear any complaint in Lancashire of a want of due accommodation for the purposes of trade from the banking establishments existing there?—I never heard any. I believe the banking establishments in Lancashire give every reasonable accommodation to the trade; but in Scotland certainly the accommodation afforded by the banks has been much more considerable than it would be prudent for any banker in Lancashire to give; at least I think so. I believe that if the bankers in Lancashire had given the same degree of accommodation to the trade of Lancashire that the bankers of Scotland have given to the traders there, the whole of Lancashire would have been in a state of ruin before this.

Why?—Because it would have led the manufacturers into such an extent of manufacture as would have produced great ruin.

How are they enabled in Scotland to give this greater accommodation than they are in Lancashire?—In the first place they are enabled by the large amount of deposits in their hands.

Is there any other cause?—And by the circulation they have an inducement which the Lancashire banks have not.

If there is not in any case an over issue of notes, and there is an effectual security against an over issue of notes in Glasgow, why can the banking establishments of Glasgow give greater facilities to commerce than the banking establishments of Manchester?—They can give greater accommodation from the issue of their notes now in circulation in the first place, as well as from the amount of their deposits; there can be only two sources, in addition to their own capital, from which the bankers of Scotland can possibly give accommodation to the public; the first is the amount of the circulation of their notes, and the second the amount of their deposits.

Your opinion is, that there is not and cannot be an over issue of bank-note circulation in Glasgow, by which you are understood to mean that the value of the bank-note circulation in Glasgow is maintained on an equality with gold. If that be the case, how does it arise that the banking establishments of Glasgow can give to the commercial interests there greater facilities than the banking establishments of Lancashire can give to the mercantile interests of Lancashire?—I conceive that is already answered.

Do you apprehend the issue of notes depends not on the wants of the country in which they are issued, but on the amount of deposits held by the banks?—No; but I apprehend those are the two circumstances from which a banker can make his advances to his customers, the amount of the notes he has in circulation, and the amount of money which is deposited in his hands, and his own capital of course.

Would the ruinous consequences to which you have alluded, apply to the merchants and manufacturers, or to the bankers in Lancashire?—That would depend upon the degree of prudence exercised in taking security for the accommodation that was wanted.

You have said that if Lancashire had been equally indulged in accommodation with Scotland, they would have run wild; will you explain to the Committee why that has not produced the same effect in Scotland?—In the first place I think the trade of Scotland is of course very small in comparison to the trade of Lancashire; a little increase to that trade is not so mischievous, as the proportional increase would be to the trade of Lancashire; in the next place, perhaps the people of Scotland are not quite, not having been so long accustomed to great mercantile operations, not quite so enterprising as the people engaged in similar transactions in Lancashire; and the caution that is pretty common in the one country, and the great spirit of enterprise which prevails to a most astonishing degree in the other, would make that perhaps more safe in one part of the country than it would be in the other; but I have no difficulty in saying, that if it had been the practice of the bankers in Lancashire to discount bills at six months, and other dates even exceeding six months, it must have been attended with the most mischievous consequences.

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Where do you consider the spirit of speculation and enterprise to be most rife, in Lancashire, in Liverpool, or Manchester?—I think they go hand in hand, but that Liverpool is more speculative than Manchester: In Liverpool many persons adventure largely in transactions not connected with their own business, while in Manchester, persons only carry the business in which they are engaged, to perhaps too great a length.

You are aware that in Liverpool and its vicinity there are not, and never have been, any one-pound notes?—Yes.

Then for all the fair facilities of commercial speculations and enterprise one-pound notes do not seem to be necessary?—They certainly are not necessary there.

The want of one-pound notes does not stop that spirit of speculation in Liverpool?—No; in the great transactions of Liverpool I apprehend there are very few small payments; in the transactions of the speculators the payments are much more considerable than can be reached by currency of that description.

Have the goodness to state to the Committee what has been the description of credit upon which the trade with the new States of America has been carried on, of late, in Glasgow?—I believe great part of the business has been carried on by the manufacturer consigning his goods to an agent in South America, and in many instances receiving bills, the acceptance of the partners of that agent residing in this country, for a part of the value of the goods, some one half and some three fourths, at six months date; I believe that has been the mode; and those bills, many of the bankers have been in the habit of discounting, waiting for the returns to be made on the sales of the goods for the payment of those bills.

Supposing the returns not to be made, as obviously they could not be, within six months, in most cases, what was then the course followed by the party who had originally drawn the bills on the credit of the goods?—I believe a great many of them have been renewed where the partners at home were not able, from their own funds, to satisfy them, and that most of the bankers in Glasgow have a great many of those bills now; I have heard that, but do not know it.

Bills renewed for a second term of six months?—For either a second term of six months, or a shorter date, under the understanding that they must be renewed till after the return is made for the produce of the goods.

The Committee are to understand that those goods are neither sent out by merchants on their own account, nor in consequence of any orders to the manufacturer, but are sent out by the manufacturer himself, to seek a market in South America?—The manufacturers of course had communications with the partners of the agent in America, and understanding that those goods were likely to meet with a profitable sale in that country, and were well adapted for it, many of them were in the habit of making the goods expressly for sale in that country, and sending them out upon their own account.

Were there any cases in which some of those agents were in fact the agents of the manufacturers, instead of the partners of the house of consignment in South America?—I think there are some cases of that kind.

Were those agents persons of known character and wealth generally, or persons created for the purpose of carrying on this agency in some instances?—I do not think there have been any instances of people of capital and wealth going to South America for the purpose of establishing themselves: some persons have acquired considerable property in the prosecution of that business, but I know no case where a man of property in this country has gone to South America to settle as an agent.

The question refers to the agent at Glasgow, whether he was a person of known property and wealth?—Yes, there are several who are.

Are there any that are otherwise?—Some that are otherwise, certainly; there is no doubt advances have been made of the description alluded to; that is, that the persons accepting the bill have little or no property; but there are also some cases where the bills have been accepted by firms of most substantial property; of course in those cases the bills were paid, and not renewed.

Where the agent was the bare nominee of the manufacturer, of course his acceptance added nothing to the security of the manufacturer himself, but created a circulation only of paper, just as if it was by himself drawn upon himself?—Clearly so.

Have there not been considerable delays in the returns expected by the manufacturers for the goods exported in this trade?—I believe there have, and recently disappointments in the quality of the bills remitted.

Do you know any instances in which, instead of remitting, those agents have drawn

drawn upon the manufacturer to pay expenses in South America?—I have not known of any.

Is it usual to carry on business in this mode in any other branches of trade?—I believe there is something done in the woollen manufacture also in the same way; I believe, indeed, in South America it has been a very common practice to have agents for the sale of woollen goods; and I believe a good many Yorkshire goods are sent to particular agents in South America for sale.

Are there always bills drawn?—I am not aware whether bills are drawn; I merely speak of their being sent out by the manufacturer for disposal in that country.

Do you believe that bills are generally drawn on some mercantile agent in that case?—No, I do not.

Is it usual for the bankers at Glasgow to discount bills at six months?—It never was usual, till within these two or three years, since the year 1792, when they did the very same thing.

With the very same results?—And with similar results.

Are you of opinion that some of the disasters of 1793 would have taken place equally if no war had then occurred, in consequence of the state of the trade?—From what I have seen take place this year, I now entertain no doubt whatever upon the subject, and that similar pressure and disasters, perhaps not to the same extent, would have been the consequence of the operations of 1792, whether there had been a war or not.

Do you then attribute much of the disaster of 1792–3 to the spirit of over-trading, and to the extensive facility of obtaining credit and discounts from the banks?—Certainly I do.

Are you of opinion that the present distress would have occurred if the Bank of England had not diminished its circulation in the last autumn?—I am of opinion that the Bank of England last autumn, in the state of exchange then existing, could not with safety to itself do otherwise than lessen the amount of bank notes in circulation.

Have the goodness to state to the Committee, what is the nature of the distress that now prevails at Glasgow, and the neighbourhood of that place?—As far as the manufacturers of Glasgow are concerned, a want of sale for their goods; the markets abroad have not afforded that quick sale and return that they expected, and now they are unwilling and unable to manufacture more goods, even if there were encouragement, but there is no encouragement, from a want of sale, and of those remittances which were expected.

Do you attribute the want of sale to a diminished consumption, or to an excess of production?—To an excess of production.

Do you attribute that excess of production to the extraordinary facilities of credit that existed at the periods to which allusion has been made?—I do.

Will there be great losses sustained in consequence of the great fluctuation in price which this change has occasioned?—Very considerable losses.

Of course you consider that as one of the greatest evils to which trade can be exposed?—Certainly.

Are there many persons out of employment at Glasgow at present?—I believe a great many; I was assured a day or two before I came away, by a mason, that there were upwards of five hundred masons out of employment; and I am quite satisfied there must be a greater number of cotton weavers, perhaps a larger proportion of them out of employ than of other trades.

Have buildings which were in progress been stopped?—Some have.

Can bills be now discounted easily?—I believe that regular good bills at a reasonable date, such as three months, there is no difficulty whatever in getting discounted with the regularly established banks: indeed I was assured by the agent of the Royal Bank at Glasgow, that he never had, during the whole period of the distress, refused to discount any bill, that he considered as good, to a regular customer at or under three months date.

That bank does a great deal of business at Glasgow, does it not?—I suppose more than any other.

What occurs to you as the best mode of obviating this evil, which you state to be a very serious one, namely, that of sudden and extensive fluctuations in the state of commerce at Glasgow?—It does not occur to me that there is any mode of preventing it; I have known every fluctuation since the year 1788; I believe it to be a natural consequence of the previous prosperity, and that it is perfectly impossible

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to do anything to prevent it; there is no restraining men who will occasionally go further than prudence dictates; that of course leads directly to an over-trading, and that over-trading to all the distress. I believe I have seen the rise and progress of the cotton manufacture, and have attended to it as it went on in Lancashire and in Scotland, and at certain periods I have seen a great distress come upon it; and after every one of those distresses, I have seen it rise to a much greater extent, and more prosperity than before.

You have stated that an undue facility of credit was the main cause of this over-trading?—I think it was.

To what do you attribute the facility of obtaining this prejudicial credit?—To the great wealth of the country, which afforded a vast amount of unemployed capital.

Are there no other causes to which you attribute it in part?—I think it is entirely owing to capital; that that capital, with reference to Glasgow and the trade of Scotland, is increased by the issue of small notes, there cannot be the least question.

Are you of opinion that the advantage which the banks derive from the power of issuing one-pound notes, affords them an increased facility of giving this excessive credit?—I can have no doubt that it affords them the means; but I am not aware that in all cases the credit afforded to the public is excessive, it may come to be excessive as it has come to be lately.

In those cases in which it is excessive, the one-pound notes are one of the helps of the excess?—No doubt.

Then supposing them withdrawn, would not the trade of the country upon the whole be less liable to sudden and excessive fluctuation?—It certainly would be less liable, insomuch as the amount of bank notes at that period is withdrawn; but I am not aware that that makes a very great amount in the means of accommodation, by which the enterprise of the country is encouraged so as to lead to over-trading.

Do the banks of Scotland at present retain any considerable quantity of gold to meet the demands upon them?—I believe they generally do not keep any considerable sum of gold by them; what they may do at the present moment, when there is some little apprehension floating, I do not know, but I rather suppose they keep no very considerable sum in gold by them.

Supposing the one and two pound notes to be prohibited by law, would it not be necessary for the banks to keep a considerable quantity of gold in their coffers for the purpose of meeting the demands upon them to exchange ten-pound and five-pound notes into sovereigns to supply the ordinary circulation of the country?—A sum certainly greatly exceeding anything they have been in the habit of keeping would be necessary; but I apprehend the banks would very soon come to know what amount of their larger notes would generally remain out in circulation, and that the application of the holders of notes for gold would not operate very strongly, or have any very different effect, from the necessity they are now under of ultimately paying in bills on London.

If there should be an over-issue of large notes when there was nothing but a gold circulation for the smaller payments, do not you think the consequence of that over-issue would be an immediate demand for gold?—I think the consequence, even in the supposed case, would be precisely the same as it is now; that is, that all the over-issued notes would go into the hands of one bank or other, and would be paid as arranged among themselves in gold, or in a draft on London, at a shorter date than they have been in the habit of drawing them practically; if they agreed to give bills at one day's sight, or at five days on London, that would operate practically in the very same way it does, and just as wholesomely as an issue of gold, because I apprehend that a bill on London at one day's sight, or very short sight, will be nearly as bad as paying gold; but in the case which has been supposed, very probably the banks would make the balances of exchange payable in gold, and I am not aware that even that would operate more wholesomely under the supposed case than the paying by bills on London, at ten days date, operates at present under the present system; I am not aware that any more strong desire of limiting their issue to what really their business entitled them to possess would be in the mind of a banker under the new system than exists under the present system.

Supposing the foreign exchange unfavourable, would not that occasion a drain for gold on the banks of Scotland to a certain extent?—No doubt that it might to a certain

a certain extent; but as the greater amount of foreign operations is transacted in London, and the gold that it was desirable to send to the Continent would go from London, the drain from Scotland would not take place till a great part was withdrawn from London, since it would be more expensive to bring it from Scotland for that purpose than to ship it at once from this country.

There would be a certain drain?—No doubt.

And that drain would be immediately felt by the Scotch banks?—Certainly.

Supposing one bank in Scotland made its notes payable in Scotland at the place where the notes were issued, and another bank in another part of the country issued notes payable only in London, do not you think the check on over-issue upon the bank whose notes were payable at the place where they were issued would be greater than the check on the other bank whose notes were payable only in London?—Of course it must be greater on the bank where the note is payable where they were issued, on an understanding that the paper circulation of Scotland is to be confined to notes above 5/.

Do you think the Bank of England, discounting at four per cent last year, contributed to the over-trading you have mentioned?—No; I am not aware that the Bank of England, discounting at four per cent, contributed in a sensible degree to it, because I think the bank followed the natural state of things in the country at the time; I believe they did not discount at four per cent until they had no bills offered to them at any rate, and when they found that money had found its level, and was not worth more than four per cent, then they began to discount at four per cent, and in that they were followed by all the bankers in the country.

During the speculation which existed in Glasgow in the latter part of the year 1824 and the beginning of 1825, do you apprehend there was a considerable increase to the population of the manufacturing district of Glasgow?—I think there was.

Do not you think the Irish population in the neighbourhood of Glasgow has been greatly increased?—Very considerably.

Is not that part of the population suffering severely at present?—They always suffer more than the rest of the population.

Is it not a matter of great difficulty for the municipal authorities of Glasgow to determine in what manner they shall dispose of the Irish population of Glasgow who have been attracted thither in a time of prosperity and trade?—It is always a source of great difficulty and anxiety.

What is the preparation made for the relief of those out of employment at present?—At this moment I am not aware that any preparation is made for the relief of them; that part of the population are very well qualified for country work, and at this season of the year they will get some country work, and if the pressure becomes greater, I know of no mode but that of subscription, because legally they certainly are not entitled, nor is any person at all entitled to any relief merely from the circumstance of being unable to procure work. I would take the liberty of stating, in addition, that the circumstance of their being an Irish population, makes no difference with respect to the legal title they have to parochial relief, that is administered to them where their case reaches it, that is, a case of bodily disorder, or of extreme old age, as with the natives.

Has there not prevailed in Glasgow and its neighbourhood, during the last two or three years, a very formidable spirit of combination among the workmen?—Very much so.

Has it not led to the commission of atrocious offences?—Most atrocious.

Do you attribute that combination mainly to a sudden increase in the demand for labour?—No; I think it has been growing up for years.

Does it exist at present?—It exists now.

To the same extent as eighteen months ago?—Perhaps it is a little abated; it is less apparent, but I am quite satisfied it is not abandoned, but that it exists at present.

Is there any combination now to raise the price of labour?—No, I do not think the combinations have been so much for the purpose of raising the price of labour, which has always been considered by the most intelligent master manufacturers of Glasgow as a very legitimate source of combination, but generally for the purpose of dictating to their masters whom they shall employ, and what shall be done in their works; it has been more for the purpose of regulation than otherwise.

When many persons are out of employment, at present is there any means taken to dictate to the masters whom they shall employ?—The persons most out of

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employ at present are cotton weavers; those persons do not work in the large factories, they work in their own houses; and I do not know at present that there is any combination among them; they did combine a year or two ago, declaring they would not work for particular masters, but that very soon died away of course, and I am not aware that any very extensive combination exists among them just now.

Do not you find in your experience, that the vicissitudes of very full employment, and then a want of employment among the labouring classes, has a prejudicial effect on the morals and habits of the lower classes in the districts with which you are best acquainted?—It no doubt has; and the effect of extremely low prices we have seen in the district alluded to to produce the very worst effect; I mean the impossibility that some parents find themselves placed in of giving education to their children. I believe the education in that part of the country is not what it was some years ago, mainly arising from the depressed prices of labour, and the necessity of their finding their families provisions, instead of allotting a portion of their earnings to the education of their children.

Do not you conceive it would be of immense importance, with a view to the welfare of the working classes and their moral habits, that there should be a steady and fixed demand for labour, and a tolerably steady rate of wages?—That would be very desirable if it could be attained at all.

You are aware that a statute was lately passed which prohibits, from a certain period in England, the issue by the Bank of England and country bankers of notes under 5*l.*; what is your opinion of the effect that must be produced in Scotland, either by the sudden extension of that measure to Scotland, or by the gradual application of it. Supposing that at the end of five years from this period an issue of one and two pound notes in Scotland should be prohibited by law, what effect do you think such a measure would have on the general interests of Scotland?—I think that it would just have the effect of withdrawing, to the extent of the present circulation, gradually, that amount of bank notes, and supplying the place of it with a capital drawn from other quarters, and that the effect of course would be to lessen the capital of the country to the amount of the bank notes withdrawn.

The communication the Committee received yesterday was, that the present amount of the small-note circulation in Scotland might be taken at 1,800,000*l.*; does that concur with your general ideas upon that subject, or have you reason to conceive it an erroneous supposition?—No; I always considered it from fifteen hundred thousand to two millions, rather approaching two millions.

Is your general impression that 1,800,000*l.* may be considered as a sum amply sufficient for the circulation of Scotland in demands under 5*l.*?—I suppose it does not exceed two millions; and if 1,800,000*l.* was the circulation a few months ago, it is certainly less now.

Do you think the substitution of sovereigns for one and two pound notes would be productive of any other inconvenience to Scotland than the cost of finding that sum in gold?—Ultimately I am quite confident it could not be attended with any other material inconvenience; but the Committee is aware, that in pronouncing on a measure beforehand, there are many things practically which are found to create a momentary inconvenience, that really afterwards cannot be justly considered as of any grave amount at all. I believe this to be one of those cases; that there would be, if the law proposed to be passed were passed, considerable inconvenience at first, and many persons would find difficulty in getting the accommodation they have been in the habit of getting, even if the law were passed that a particular measure were to take place even at so great a distance of time as five or six years; but I am quite clear that ultimately there can be no other inconvenience than that stated.

Do you think there would be any alteration in the system of conducting banking transactions, so far as the cash credits are concerned?—The inducement to give cash credits is the circulation of small notes; and those small notes being withdrawn, I think perhaps that branch would be more affected than any other.

Suppose a bank was enabled to take six per cent on the cash credit instead of five, do not you apprehend that additional advantage to the banker might *pro tanto* supply the advantage which he now derives from the issue of the small note?—Most unquestionably; if the usury laws were repealed there cannot be the smallest doubt that the banker would have the means of indemnifying himself for any disadvantage he might sustain in any other way, and that that would be quite sufficient.

Would not that be an additional charge upon the country?—That would depend upon

upon the rate of interest at the time: very possibly the effect of withdrawing the usury laws would be to reduce the general rate of interest in the place of raising it, as we find to be the case in many countries where no usury laws exist. I am of opinion there would be more disposable capital directed to those channels which usually supply the wants of the public than is now kept loose for that purpose, and that the general effect of withdrawing would be to lower the rate of interest, and not to raise it.

If it lowered the rate of interest the bank would not derive the six per cent?—The bank fix the rate of interest, which if a person has occasion for the money he must pay, if he has no occasion for the money he does not use it. If the bank put six per cent upon all their cash accounts, when the rate of interest was openly in the market at four per cent on good security, their cash accounts would not be used; there would be an accommodation to the individual, because he would know that if he did want for any particular occasion a sum of money, he could have it at six per cent, while he was not obliged to pay any thing for it until he wanted it; and the rate of interest on good security remaining at four per cent, he of course would not avail himself of his credit on the bank at six.

Supposing the amount of deposits held by the banks of Scotland to remain the same after the withdrawing of the one and two pound notes, what motive would the banker have not to employ those deposits in the manner and to the extent to which they are now employed in granting cash credits?—I think the banker in Scotland has always considered that the issue of small notes is one very profitable part of his business, and he has been in the habit of granting those cash credits with a view of extending that branch of his business; but if bank notes under 5*l.* were by law prohibited to be issued, of course his inducement to give this credit, as matters at present stand, would be withdrawn, since it is a species of advance which he has no means of commanding himself, he would prefer to employ the deposit money paid into his hands payable on demand in a species of security more tangible than his cash credits. The Committee is aware that the banks in Scotland granting cash credits, grant those which may be used or may not be used, as the individual to whom they are granted may think proper; that in a moment of pressure, an emergency like the present, that bank would get into great disrepute indeed who called up any one of its cash credits; and in the whole of the difficulty of the present day, I am not aware of any cash credits in Scotland, properly so called, that have been called up.

Is not the result of their being obliged to continue their cash credits at a period of pressure like the present, that *pro tanto* they are obliged to be more rigid in respect of the other advances, which they make upon bills of exchange and other descriptions of security?—The accommodation which they can afford in the way of cash credit and discount upon bills can only go to a certain amount with any degree of prudence; whenever they diminish that amount by advancing upon one of them, of course that lessens their ability to advance upon the other.

In fact the advantage on the one side is attended with a disadvantage to the other class?—In point of practice I am not aware, speaking of Glasgow, that any inconvenience has existed from that; I know only of what has been done at the Royal Bank, I have not had conversations with the other bankers, and do not know what has been the practice. Some of them I have heard say have not diminished their discounts. I believe the Royal Bank have not diminished the accommodation afforded on commercial bills, in consequence of a greater drain upon their cash accounts, but that they have met that difficulty by selling out of the public stocks, or employing other money they may have had in Exchequer bills or otherwise, that they have found the difference there.

Do not you apprehend that whatever reasons apply to the introduction of a gold circulation into England, apply to Scotland also?—I do not think they all apply; I think Scotland stands peculiarly situated.

Have the goodness to state why you think there are reasons why Scotland should be indemnified from the charge of procuring gold as the basis of its circulation, which do not apply to England also?—I may be quite wrong in taking up the opinion I do; but my opinion is, that a paper currency of undoubted solidity, exchangeable at all times for a metallic currency at the option of the holder, is the most economical and the best circulation that a country can possess. I apprehend that in England it is impossible, from the extent of country, from the immense amount of its money transactions, from the widely-extended nature of them, and the difficulty of acquiring information with respect to the solidity of banks, to establish

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a solid circulation of paper; the failures which have taken place from time to time, show that such a thing, in so rich a country, and so widely extended a country is utterly hopeless; therefore when I talk of a paper circulation of undoubted solidity, it is impossible to talk of it in such a country, short of chartered banks with large capitals: now in Scotland I apprehend the case is quite different, from the small amount of money transactions in comparison with the money transactions of England, the ease with which people know the means of others and the nature of their property, whether landed estates, or vested otherwise in public securities, or in undertakings of any kind, the ease and certainty with which that is known, establish the credit of a banking establishment upon grounds quite different from what can be said to belong to the banking establishments in England; then the circumstance which I have stated of the necessity of exchanges twice a week in Edinburgh by all the banks, not only causes those engaged in the same line of business to be on the watch, in regard to the operations of those engaged in it, but also, if necessary, to refuse to exchange with them; the consequence of which would be, that it would be impossible for a bank so refused to carry on their business, that it is of that limited nature, and under that kind of regulation, I think it may, without any very exaggerated view of it, be said to be a circulation of paper really of undoubted solidity. I am quite aware that if the Scotch banks, or any system of banking, were to be put to the test, to which some banking establishments in England have been put, they could not stand, none could stand; but it is the knowledge men possess of the means of the Scotch banks which creates that confidence that puts aside all belief of the possibility of the existence of such a panic as has prevailed in this country. I would beg to add, what naturally follows from that I have said, that if the wealth and trade of Scotland were to advance as it has done for the last thirty years, very probably the same measure of restriction would become indispensable, and that the same means of knowledge would become impossible that we now have of the means of individuals, and there could be no more solid circulation of notes in that country than in this; but I apply myself to the state of the country at present.

Do not you think it probable that the commercial and manufacturing interests of Scotland will extend?—I think they will extend; and I judge from what has passed within the last thirty years; but I do not think they will extend so very rapidly as they have done during the last thirty years.

Do not you think it advisable to take measures for placing the circulation of Scotland on the basis of coin, at a period when the amount of its supply is necessarily limited, namely, when it is taken at two millions, rather than postpone it to some future period, when the change may be much more severely felt than it can be at present?—I am of opinion that at present there is no necessity for the measure; I have guarded myself by saying, that at a future time there may be a necessity, but I apprehend that, supposing the trade of the country to be doubled, and to require four millions, and a necessity then to exist of altering the currency and establishing a metallic currency; that I apprehend that an exchange of the currency then necessarily of four millions will be no more severe upon the country so enriched than two millions is at present, and that therefore it would be a gratuitous hardship on the country at present, since the only advantage supposed in the question would be the saving of the pressure supposed to be greater at that time than it would be at present; I apprehend it would not be greater.

In case of a panic in Scotland creating a demand for gold instead of paper, or in case of scarcity making it necessary immediately to import corn into Scotland for the subsistence of the people, and to buy that corn in gold, on what country does Scotland at present depend for its supply of gold?—On England entirely.

In point of fact England has at present to provide a gold circulation to meet its own demands, and to meet the demands which might arise in Scotland in case of a sudden panic, and in case of any of the circumstances to which the question refers?—No doubt.

Do you think it quite just to England that England should be at the expense of providing for its own circulation, and for the possible emergency of Scotland, and that Scotland should enjoy all the advantages of a paper circulation free from the expense?—I am not aware that the withdrawing the notes under 5*l*. would alter the position, because if those notes were withdrawn, no doubt there would be a greater amount of gold in Scotland; but in practice the importer of corn would give a credit on London for the amount of the grain to be drawn; for supposing he was to order it from the Baltic, he would give a credit on London; the moment the exchange merchant in London found it for his benefit to remit gold to the Baltic,

Baltic, he would take Bank of England notes to the bank and send out gold; the practice would be quite the same, whether the circulation of Scotland were in notes under 5*l.* or in gold; I do not see that that would make any difference.

Would not any demand made by Scotland upon the amount of gold circulation in England, have a tendency to contract the gold circulation of this country?—No doubt.

Would not that pressure be more severely felt where there was a gold circulation in England only, than it would be if there was a gold circulation over Great Britain generally?—I am not aware that that would be more severely felt in England. I have already stated what would practically, I apprehend, be the consequence of an importation of corn. I believe that if the Bank of England found it necessary to lessen the circulation of bank notes, and to contract the currency, the effect of its doing so upon the supposition that Scotland had a gold circulation and notes under 5*l.*, would be to attract a certain quantity of the gold circulation of Scotland into England; but that in point of fact, as to the exportation of gold and the demand upon the Bank of England, it would be quite the same whether the currency of Scotland was in gold or in paper; but I admit that to the extent of the contraction which would take place in Scotland, that would go, on the supposition of a gold currency existing there, to relieve the bank from a portion of that sum.

Then it would be unjust to the bank to leave any portion of the country liable to drain the bank in case of emergency, without the means of restoring a portion of the supply when required?—In my view of the case, the chance of the bank being called upon is so small, and the relief afforded by a Scotch contraction of gold coin would be so inconsiderable, as not to be a just object of complaint on the part of the bank.

Do you think that the facilities afforded by the banks have conduced mainly to the prosperity of Scotland within these thirty years?—I think that is one of the ingredients, and perhaps I should say the principal ingredient, of the prosperity of the country.

Any thing that tended to interfere with that facility would be against that prosperity?—I have no doubt of it; I think many persons like myself must have observed many young industrious persons brought forward by those cash accounts, and a foundation laid of very considerable fortunes, and the promotion of men of good character in consequence of them.

You have stated that one main inducement with the banks of Scotland to open cash accounts with those individuals, who as you have stated have improved the state of the country in consequence of those advances, has been the circulation of notes under 5*l.*?—Yes.

The persons opening such cash accounts always give security satisfactory to the bank with whom they open those accounts?—Always.

In the event of the suppression of all notes under 5*l.* is it your opinion that those individuals would, upon giving good and sufficient security, be unable to obtain accommodation similar to that which they now receive at the highest current rate of interest, without any reference to the repeal of the usury laws?—I think they could not. I do not know any inducement that could be offered to any one to make an advance of that description, because it is an engagement to advance at any time that the person may require it; it continues for years; a bank obligation of that kind has been known to continue for twenty years and upwards; thirty years. I have known them continue, and the bank advances the money at any time when it is wanted, and it is paid up whenever it suits the convenience of the party. I cannot imagine any advantage short of that which has been stated; and sometimes advantages are imagined by the person carrying on trade greater than they are. The advantage the banks derived was from the issue of their notes, when the making their notes cost them nothing; now they pay stamps, and are at a very considerable expense, the advantage is not so great as it was, but still the practice of giving those cash accounts has still continued to their advantage, although it has been very considerably curtailed.

It is your opinion, that in the event of the suppression of notes under 5*l.* no banker or capitalist would be found to open cash accounts upon the principle in which cash accounts are now opened?—The notes would only be the notes above 5*l.* and very probably some other charge might be found. I do not know that there is any other legal way which could be found, because I apprehend, with respect to what is quite legal in Manchester, the charging a quarter per cent on all

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Kirkman Finlay,
Esq.

(32 March.)

the gold, there might be a very serious doubt whether the bank paying, not in gold, but in its own notes, could charge commission on any part.

What do you suppose must be the increased premium to give a sufficient inducement to continue those cash accounts, if the one-pound notes were withdrawn?—I do not know what inducement the banks might consider to be sufficient.

Would a quarter per cent be sufficient?—It must be more, for it would cost them a quarter per cent to bring down gold.

They need not advance it all in gold?—No; but it is persons who want the amount in small sums who require these advances.

Do you think that the cash credits enable the banks to keep out two millions?—I think they afford them no facility with regard to keeping them out beyond the demands of the country.

Supposing, among the deposits made in a bank, gold formed a part, would not the bank, rather than retain that gold in their coffers, be very anxious to get it out, receiving five per cent upon the issue?—Of course the banks would be desirous of keeping as little gold as was consistent with their own safety, they would soon succeed in getting out all the gold which they had.

If there were sent into the country as many sovereigns as there are now one-pound notes, every banker would find as much gold habitually flowing in to him as he has done of one-pound notes: is it not consistent therefore with his interest to advance that as he has done his one-pound notes?—I am not quite certain what may be the effect after the country generally is full of gold. I have stated that at present in Manchester, I understand from bankers there, there is a necessity of having a constant supply of gold from London weekly; in Liverpool I understand there is no such demand, but there is abundance of gold: I have myself seen, that in making payments at no great distance from Glasgow, I have myself taken very considerable sums of silver, and though the country is full of silver, I believe it would be with great difficulty I could find any portion of that silver remaining in the quarter to which I allude; it disappears, but the one-pound note replaces it; and therefore I cannot with any confidence pronounce, whether the portion of gold which is necessary for the circulation of Scotland would permanently remain there, supposing it to be once amply supplied.

You have stated that at Manchester there is a constant demand for gold to be sent down, that at Liverpool there is no such demand, and that in some parts of Scotland there is a demand even for silver; at Manchester one-pound notes of the neighbouring banks to a considerable extent have found their way into circulation in that town, in Scotland one-pound notes are every where, at Liverpool no one-pound note has ever been seen: do not you think that all these circumstances, marking the difference of the demand for gold and silver at those different places, may be accounted for by the total absence of one-pound notes at Liverpool?—I think it very likely with regard to the comparison between Liverpool and Manchester in reference to gold; but I am quite at a loss to know the reason why the silver, which is not so portable as bank notes, should be taken away from country places in the neighbourhood of such a place as Glasgow, and constantly conveyed to some greater distance, because we find the absolute necessity of bringing silver from London constantly.

You have stated that in your opinion, the best system of currency for a country is a solid paper currency, convertible into gold, and that you consider the Scotch system of banking to be of that solid substantial nature; you have also stated, that many of the banks of Scotland would not have stood the test which some of the country banks in England stood during the late panic; how do you reconcile that statement with your idea of the greater solidity of the banking system of Scotland?—When I said that I considered one solid, and the impossibility of obtaining a solid system in the other country, that had no reference to many of those banking-houses in England of unquestionable solidity, but referred to the system generally. I am aware that there are many banking establishments in England, quite entitled to the highest character that can be given to any banking establishment in Scotland, and that have stood the severest tests to which bankers can possibly be exposed.

You have stated as one proof of the solidity of the system of Scotch banking, the regular exchanges between the bankers of their own notes, and the payment of them by bills on London at ten days; are you aware that that is the general system amongst country bankers in England, a regular weekly exchange with other banks by bills payable in London at sight?—I have understood that practice prevails in Newcastle, and I consider it to be quite the essence of what is wholesome and right; I have understood

understood that a more dangerous practice has prevailed in other places, but I may be wrongly informed; and that bills of even two and three months have been taken by bankers for the exchange.

Are you aware that a bill, which has already passed the House of Commons, prohibiting at the expiration of three years the issuing of bank notes in England, has had the immediate effect of curtailing the issue of small notes in many parts of England?—I have understood so.

Do you think that the passing a law to prohibit the issuing of small notes in Scotland at the expiration of five years, would immediately have the effect of diminishing the circulation of small notes in Scotland?—No; I do not think it would.

Would the proposed change have any effect on the interest allowed on money deposited with the banks?—I suppose no immediate effect.

Do you recollect the country before the bank restriction, before 1797?—Quite well.

Do you recollect any inconvenience arising in Scotland from the one currency being metallic, and the other paper?—I never heard of any.

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Kirkman Finlay,
Esq.
(22 March.)

Lunæ, 10th die Aprilis, 1826.

Henry Holdsworth Hunt, Esq. called in; and Examined.

WHERE do you reside in Ireland?—At Waterford.

Are you connected with any banking establishments in Ireland?—I am a local director of the provincial bank of Ireland that is to be established at Waterford. I believe it will be opened in the course of a very few days, if they do not wait till I return to Waterford; they intended to open it to day.

*Henry H. Hunt,
Esq.
(10 April.)*

You are a partner in the provincial bank?—A shareholder.

That bank has been established under the Act of Parliament which passed in the course of last session?—It has.

Do you know how many banks have been established in Ireland under the Act of last session?—I believe none but that, and the northern bank established at Belfast.

Do you know how many partners there are in the provincial bank?—Not exactly; but there are a great many hundred shareholders that may be considered partners.

What is the amount of nominal capital?—Two millions.

How much has been paid upon each share?—Fifteen per cent has been already paid.

Is it intended to call for any additional instalments?—Certainly.

What are the shares?—Hundred-pound shares.

Will you state to the Committee at what towns branch banks of the Provincial Bank Company have been established?—There is one at Cork, one at Limerick, one in Clonmel and one at Wexford, in the south of Ireland; and there is one in Belfast, one in Derry, and one in Newry; I believe those are all at present established.

Are there branches actually existing at those places?—Yes.

And it is intended to establish one at Waterford?—Yes, and one at Kilkenny.

In those towns in which branch banks exist at present, do they open cash credits in the same manner in which the Scotch banks open them?—They do.

Can you tell the Committee the amount of interest allowed upon deposits?—The amount of interest allowed on deposits in the south of Ireland is two per cent; but I understand, since I came to town, that in the north of Ireland, at Belfast, in consequence of the northern bank allowing three per cent on deposits, the provincial banks of Ireland have been obliged to do the same.

Will you state what is the law at present in force in Ireland with respect to deposits?—I am not aware of it. I am aware that some time ago what are called accountable receipts for money lodged at the banks were void, if interest was allowed upon them. I do not know whether that law continues or not.

Is it the fact that the banks are now giving interest upon deposits made to them notwithstanding that law?—Certainly they are allowing two per cent in the south of Ireland, and our instructions are to do the same.

When the provincial bank grants a credit, what interest do they charge to the person who receives the credit from them?—Five per cent.

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Esq.

(10 April.)

Uniformly at all the branches?—So I apprehend.

Upon what sort of security is the credit granted?—Upon either the personal security of two persons along with the person who gets the cash credit, or upon mortgages, or upon other security.

In what other mode does the issue of notes of the provincial bank take place in addition to the issue of notes upon cash credits?—In discounting bills.

Is there any limitation as to the length of time that the bill has to run?—I think there is; I think we are limited to three months.

Do they lend money upon mortgage in any instance?—I apprehend they do; but not without reference to the directors in London. The local directors have not power to lend beyond a thousand pounds, without reference to the directors in London, to get their consent and approbation.

Have they, in point of fact, issued any notes upon mortgages of land?—I do not know that they have, the bank not having commenced at Waterford. I do not know much of the circumstances of the banks at other places.

At which of the places named by you as places where branches of the provincial bank have been established, has the bank of Ireland established branches?—The bank of Ireland have established a branch in Cork; they have a deputy branch (if I may so call it) in Clonmel, and there is a branch of the bank of Ireland in Waterford. The Waterford branch directs and manages the business of the Clonmel branch.

In what way does the deputy branch differ from the branch?—I do not apprehend that it differs, only that the proceedings of that branch at Clonmel pass through the branch at Waterford. It is the son of the gentleman who is the agent of the bank of Ireland at Waterford who conducts the business in Clonmel, and he does it under the direction and control, I believe, of the branch bank at Waterford.

At any of the places where the provincial bank has a branch bank are there banks of private individuals?—There is one in Wexford, I understand.

Are there any banks in Cork?—I do not apprehend that there are any banks in Cork; there were two very lately; one of them has failed, and the proprietor of the other died, and the bank is open for the payment of notes, but they mean to discontinue the business.

Are there any banks existing at any of those places where there are now branches of the provincial bank, which have been discontinued in consequence of the establishment of those branches?—Not that I know of.

Do you think that Mr. Pike's discontinuance of business arose from the establishment of the provincial bank at Cork?—No; I believe it arose in consequence of his death.

In those cases in which you issue notes bearing date from the town in which there is a branch bank, are the notes made payable in gold at the town where they are issued by the provincial bank of Ireland?—Certainly.

Practically, you do pay them in gold?—They pay them in gold whenever it is asked for.

That is, they keep a deposit of gold in order to meet any demand that may be made upon them?—Certainly.

Does the bank of Ireland pay those notes in gold which it has issued from one of its branches?—No; as a proof of it, when I was coming over here a few days ago, I wanted to get a few sovereigns, and I went to the branch bank of Ireland, at Waterford, to get some, and they would not give me one.

Was not there an alteration made in the form of words used in the promissory notes of the Bank of Ireland?—There was when the currency was assimilated on the 5th of January, the new notes of the Bank of Ireland were all made payable in Dublin.

Do the provincial bank of Ireland issue two-pound notes, or any other notes below five pounds except one-pound notes?—Yes, one pound, thirty shillings, three pounds, five pounds and upwards.

Did not this circumstance occur lately in Cork, that individuals came and paid a premium for the provincial bank-notes in order to obtain gold?—I heard so since I arrived in London.

Have you ever been practically engaged in carrying on the banking business in Ireland?—I had a bank for a few months in Ireland, my brother, my nephew and myself; but we found it a very irksome and disagreeable business, and we gave it up.

The

The Committee have before them an account of the number of country bank-notes stamped in Ireland in each quarter of each year from 1819 to 1825 inclusive; they find that in the year 1821 the total amount of country bank-notes stamped in Ireland was 576,000; in 1822, 619,000; in 1823, 463,000; and the total for the year 1825 was 2,108,000: the amount of notes stamped in the year 1825 being more than four times the amount of notes that were stamped in the year 1823; can you account at all for that enormous increase in the amount of notes stamped?—I should think the establishment of the provincial bank of Ireland has occasioned a very great increase, because they commenced their proceedings a very few months back, and they probably got a great many notes stamped in 1825; they were all new establishments, and of course they must swell the amount of notes stamped.

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Henry H. Hunt,
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(10 April)

Do you apprehend that the amount of notes circulated by the provincial bank was an absolute addition to the notes previously in circulation?—No; but the notes of the provincial bank of Ireland began to be stamped perhaps in the month of September last, though they were not issued; for instance, at the Waterford branch we have not issued a note yet, but still there is a large sum of money in notes lying ready to be issued.

Did not the change of the currency create a considerable addition to the amount of notes stamped?—Of course, because all the private banks, such as they are, issue nothing now but notes bearing one-pound British, they do not issue the notes they had before. The Dublin banks, for instance, issue nothing now but in British money, and all the other notes were of course called in. That will create a very great increase.

So that none of the notes stamped in the two first quarters of the last year on account of the Provincial Bank Company, that have not been circulated, will be circulated?—There were none stamped. The provincial bank of Ireland did not issue any notes in Irish money, they were making preparation only.

The notes issued by the bank of Ireland last year were all in Irish currency?—Yes.

How long have you resided in Waterford?—About thirty-five years.

Have you been connected with the commerce of Waterford?—Yes.

In what capacity?—As a merchant. I was a merchant for thirty years.

Are you acquainted with the general state of the circulation in the southern parts of Ireland?—I am.

What do you think would be the consequence of a law which prohibited the issue of notes below five pounds, both by the bank of Ireland, and by any other banking establishment in Ireland?—I should think it would be very hazardous indeed. I should very much apprehend that the gold circulation would at times be withdrawn in a very great degree from the country whenever gold was wanted in London; for instance, a small premium upon a sovereign would induce a vast quantity of them to be brought out of Ireland.

Do you not recollect periods within the last thirty-five years when the utmost distress has existed in consequence of the failure of country banks and the sudden diminution of the currency?—I have witnessed a great deal of distress, but I do not know whether it was owing to a diminution of the currency; the losses occasioned by the failure of banks caused a great deal of distress.

Do not you recollect periods when it has been very difficult to carry on the ordinary transactions of the markets and fairs in consequence of the want of circulating medium?—I cannot say that I do.

Do you recollect the period when the failure of Lord French's bank took place?—Yes; but that did not affect the south of Ireland.

Were not there very extensive failures in the course of the year 1820 in the south of Ireland?—There were several banks failed at that time.

Can you state the number of banks that failed at that time in the south of Ireland?—In Cork, in Limerick, in Clonmel, in Waterford, in Kilkenny, and in Mallow: there was a stoppage in Carrick, but it went on again afterwards.

Do you think that within the period of a year there were as many as eleven banks failed in the south of Ireland?—Very likely there might be.

What do you apprehend to have been the immediate cause of the failure of so many banking establishments?—The immediate cause was the great runs upon them, which they were not prepared to meet.

From what circumstances did the demands upon them arise?—A very trifling circumstance would cause a run upon a bank. I have known, not of my own knowledge, but I have heard and believe, and I can have no doubt whatever of it, that

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that a pig butcher going into a fair, who had been perhaps disappointed of getting some discount at any particular bank, would make some allusion to a farmer respecting the bank there, by saying, suppose, "Take care of that bank;" and that would spread like wildfire through the fair, and the consequence would be, perhaps, a run upon that bank, which might be almost ruinous.

Do you know any instance of that sort?—I heard of it, and I believe it was the case.

Was not the embarrassment created by the failure of so many banks extremely great?—It was for the moment; but the merchants who had property got relief by applying to Dublin, and getting bank of Ireland paper instead of the provincial paper.

Did all those banks issue one-pound notes?—Yes.

In whose hands were the one-pound notes issued by those banking establishments?—In every persons hands.

What did those persons who held the one-pound notes do upon the failure of the banks?—They sold them very often for whatever they could get, perhaps for 5s. or 6s., sometimes less and sometimes more, or perhaps they purchased goods for it; of course the goods would be increased in value very considerably, or the notes would be taken at a depreciated value.

Have any of those banks that failed within the time that you have spoken of been known to pay so much as 15s. in the pound?—The bank at Waterford, I think, will pay from 12s. to 13s. in the pound; 10s. is already paid.

What was the last failure at Cork?—The last failure at Cork was Leslie's Bank.

Did that fail at any former period?—It stopped at a former period.

How many years ago?—I believe in 1820.

They got relief, did they not?—They got relief from Government.

Do you know to what amount?—I do not.

How much have you heard?—They got a considerable sum of money I understood, but I never heard to what amount.

Has there been any winding up of their affairs?—No, there has been nothing done yet.

That is the second stoppage that has happened to that bank within the last six years?—Yes.

Did any one of the banks that failed in the south of Ireland between 1820 and 1822 pay in full their outstanding demands?—Not that I know of.

Supposing the circulation under 5l. to consist of sovereigns instead of one-pound notes, do you apprehend that there would be the same facility as that to which you have referred of creating a run upon the banks?—Certainly not.

Then you attribute the facility with which a run upon a bank is occasioned to the circumstance of the circulation under 5l. consisting of paper instead of gold?—A greater facility; I do not mean to say there would be no run upon a bank if they did not issue notes under 5l., but there would not be the same facility of creating a run.

Will you go on to state why you think it would produce great distress in Ireland if the banks were prevented from issuing notes below 5l.?—I am apprehensive that if gold was the general circulation of the country in Ireland, and that it was wanted in England, it would bear a premium, and a very great proportion of it would be drawn out of Ireland, which would occasion a want of a sufficient circulation.

Upon what do you form that opinion?—Because it would bear a premium, and there would be people purchasing up sovereigns at that premium, and sending them over to London if they could make a profit by the transaction; that has been practised heretofore.

Supposing there were no small notes in circulation, and that the whole of the ordinary circulation of Ireland was supplied by gold, do you think it would be possible to withdraw any considerable portion of their gold from Ireland without raising the value of the remainder, and so checking the drain out of Ireland?—I think it would naturally have the effect of raising the price of gold after some time, but a great deal would go out of Ireland without any great advance in price; supposing a sovereign bore a premium of two pence or three pence, those persons who received sovereigns would go, perhaps, and sell those sovereigns for that premium, and take five-pound notes to pay the landlord his rent.

Have you ever known instances of quantities of gold being brought over from Ireland to this country, and persons making a regular traffic of it?—I have.

Do

Do you recollect that before the bank restriction, or are you speaking of periods when there was a small-note circulation in Ireland?—Since the bank restriction.

Can there be a premium upon gold in Ireland without a rate of exchange unfavourable to Ireland?—I should think not, if gold was wanted in London, and the gold was purchased up in that way; of course I will not say the exchange, for now we have no exchange, but the bills upon London would bear a greater rate of discount; it would not be charged in the way of interest, but it would be charged as commission.

Then if the circulation of Ireland consisted of specie to the amount only of the present quantity of one-pound notes and two-pound notes, would not the quantity of bank paper circulating in Ireland be the circumstance that would regulate the exchange between England and Ireland?—No; the exchange, if there was any exchange between England and Ireland, would be governed in a great degree by the balance of trade with Great Britain.

Supposing bank paper was issued to an excessive degree in Ireland, would not that be followed by an exchange unfavourable to Ireland?—What I meant to say was, that a demand for gold in England would create a demand in Ireland, and if it bore a premium it would come to England.

You are aware of the fact generally, that there was a gold circulation in the north of Ireland for many years?—There was for a long time after there was in the south.

How do you apprehend that was maintained?—I do not know.

Probably you know that the north of Ireland was quite as flourishing as the south of Ireland?—I believe the north of Ireland is the most flourishing part of Ireland.

Do you know at all what proportion the notes below five pounds issued by the provincial company would bear to the notes above five pounds?—I do not know what proportion they bear, because I have never seen any account of the issues of the Provincial Bank; but speaking of the establishment we had in the year 1817, the proportion of small notes under five pounds I suppose was at least nine tenths of our whole issue.

What was the firm of that bank of which you are speaking now?—Robert, Henry, and William Hunt, we only continued it for about fifteen months.

Mr. John Acheson Smyth, called in; and Examined.

ARE you connected with the Belfast Bank?—I act as agent for the Belfast Bank in Londonderry.

When was the Belfast Bank established upon its present footing?—I believe about 1808; I was not agent for it till 1810 or 1812.

Is it at present constituted under the act of last session?—No, it is under the old act; it consists of less than six partners.

How many banks are there in Belfast at present?—There are four banks: the Belfast Bank, the Northern Joint Stock Bank, the Commercial Bank, and the Provincial Joint Stock Bank, and a branch of the Bank of Ireland.

Does each of those establishments issue notes under 5 l.?—Yes.

Are all the notes payable in gold at Belfast that issue there?—The bank for which I do business make their notes all payable in Dublin; they are drawn payable at Solomon Watson's.

Is it so expressed upon the face of the note?—It is.

What is the form now used in the promissory notes?—"I promise to pay the bearer on demand, at the house of Solomon Watson, Dublin, 1 l., from ten until two o'clock."

They are not payable at Belfast?—No.

Do you give interest on deposits?—The bank do, but there is none given at the branch in Derry.

Are you aware of the existence of a law which prevents the grant of interest on deposits in Ireland?—I am not; I believe it is given by all the banks at Belfast.

What is the amount of interest allowed on deposits by the bank with which you are connected?—Three per cent.

Do you open cash credits?—No.

In what way does the issue of notes at the bank with which you are connected take place?—I receive a bill and give notes for it, deducting the discount.

Is there any limitation as to the date of the bill?—Three months date is the longest that we wish to discount, except upon particular occasions.

What are those particular occasions?—If money is very plentiful, and any customer

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customer has a longer dated bill which he wishes to get cash for, we accommodate him.

If there is any customer, of whose solvency you have no doubt, who wishes to have a bill of a longer date discounted, you do not make any difficulty?—At times; when money is plentiful we do not.

Do you lend money on mortgage?—No.

In no case whatever?—No.

What other banking establishments are there at Derry besides the branch of the Belfast Bank?—The Northern Banking Company have an agent; the National Bank of Ireland have an agent; the Provincial Bank have a branch; Ball and Company of Dublin have an agent at Derry; there are five altogether.

All issuing notes under 5*l.*?—No, they are not issued at Derry, they are sent to Derry and bills are discounted with them. The Provincial Bank is the only bank that issue notes of their own in Derry; those are dated Derry; all the rest are dated from the places at which the banks are established.

Are the notes issued at Derry, notes payable in gold at Derry?—Yes.

How many banks have there been established in Ireland under the act of last session, with an unlimited number of partners?—I do not know any except the Northern Bank and the Provincial Bank.

One of the banks previously existing at Belfast was merged in the Northern Bank?—Yes, it was called the Northern Bank, and now it is called the Northern Joint Stock Bank.

Do you know what proportion the notes below 5*l.* issued by the bank with which you are connected bear to the notes above 5*l.*?—I believe they are all below 5*l.*

Has there been any very material increase in their amount of late?—I do not think there has.

What is the description of notes that are issued?—One pound, one pound five, one pound ten, one pound fifteen, two pounds, one guinea, one guinea and a half, and two guineas; a very few over.

Are there any fifty-shilling notes?—No.

They are made payable in bank of Ireland notes?—They are payable in Dublin at the house of Solomon Watson, and are paid in bank of Ireland notes.

So that there is no necessity to keep any deposit at Belfast?—Not any; they did issue a number of notes payable at Belfast, but they found those payable at Dublin answered general circulation much better, and the others were withdrawn from circulation.

What was the reason for issuing notes of the broken sums of twenty-five shillings and thirty-five shillings?—The scarcity of silver; to answer the purpose of change.

Does the bank feel the same necessity for that description of note now which they did before?—I do not know what they feel; but I should suppose there is not the same necessity for so great a variety of small notes, as silver is now more plentiful.

How long have you been connected with the north of Ireland?—Forty years, I suppose.

Do you recollect the period when there was a gold circulation in the north of Ireland?—Perfectly well; I was in business then.

When did that disappear?—About 1808 or 1809 principally.

For six or seven years preceding the period when it disappeared, was there any small-note circulation in the north of Ireland?—Perhaps immediately before it disappeared altogether there was; but twenty years ago, or from that to twenty-five years ago, there were no small notes in the north of Ireland.

The rents were paid in gold?—All paid in gold.

And all transactions discharged in gold?—Yes.

Up to 1808 or 1809?—In some instances before that period notes were in limited circulation.

Was the north of Ireland in a prosperous state as compared with the rest of Ireland, at the period when there was a gold circulation?—It was very limited in its business; the business of the north of Ireland at that time was merely confined to that of the linen trade. The agriculture of the north of Ireland has since very much increased. At the port of Derry at that period, they had no export of butter, grain, flax, beef or pork. We had no export of any kind except linen cloth and linen yarn. The export of those articles has very materially increased since.

What do you think would be the effect of a law which should prevent all banks in Ireland from issuing notes below 5*l.*, and should compel them to pay their notes of 5*l.* and upwards in sovereigns, do you think the enforcement of such a law would create

create any embarrassment in the north of Ireland?—I think it would create very great embarrassment. I should not think in the state of capital in Ireland that business could be carried on to the extent it is now, if that law were enforced.

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Mr.
J. Acheson Smyth.

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Will you assign your reasons for that opinion?—All our payments are made in small sums, principally under 5*l*. Our linens are all bought and paid for in small notes; there are very few webs above 4*l*., and from that down to 1*l*.: butter from 1*l*. 10*s*. to 2*l*. or two guineas the firkin; yarn is all bought in small quantities, perhaps principally under a pound, silver is very necessary for that; flax is bought in large quantities, from 2*l*. to 20*l*. from the farmer; with respect to pork, pigs are generally under 5*l*., from that down to 1*l*.; grain is bought in small quantities; a farmer brings in two or three sacks of oats, which come to 2*l*. or 3*l*.

You say that the trade of the north of Ireland has very much increased since paper has become the circulating medium?—More than doubled.

Was there any bank of any description in the north of Ireland previous to the bank restriction taking place?—I do not think there was.

Did the Belfast people ever encourage a bank till after the bank restriction?—There was a discount office in Belfast that discounted in gold; but I do not recollect of any bank for the issue of notes; if so, they had a very limited circulation.

How long do you calculate that your small notes remain out in circulation?—I am not able to answer that question; I should suppose they would require to remain out two months to pay the expense of stamps, &c. &c.

How long do they remain out before they are worn out altogether and cancelled?—That depends entirely upon the circulation they are in; I have seen some that have been out several years, which were not more worn than others that were not a year in circulation.

Is not the circulation of the province of Ulster almost exclusively supplied by the Belfast banks?—A good part of it is.

Are you aware that the business is conducted in Lancashire chiefly through the instrumentality of gold circulation?—I am.

Do not you conceive that the transactions of Lancashire are infinitely more complicated and larger in extent than the transactions of any district of the north of Ireland, corresponding in trade with Lancashire?—They are; but the business is quite dissimilar, for in Lancashire I believe all the raw material is bought in large parcels and by bills; in Ireland the raw material is all bought in small parcels, and all in small notes; in Lancashire there is only cash wanted to pay the workmen, but we want it both to pay the workmen, and to buy the raw material. The provisions and grain that we send to England are also bought in small notes, and we are reimbursed by drawing bills for our shipments.

What do you mean when you say that the raw material for manufacture in the north of Ireland is purchased in very small quantities and paid for in small notes?—The flax and yarn that are brought to market are bought by the spinner and the weaver, and manufactured by them, and the linen so manufactured is brought to market and sold for small notes to the linen merchant, who buys it to bleach or export.

Are those transactions generally below the amount of 5*l*.?—Almost all.

Is the raw material chiefly the produce of the country?—Entirely.

And produced by the farm-houses throughout the country?—Yes.

Is there no credit given; for instance, supposing a weaver of good character who wanted to purchase his raw material, could not he get credit to the amount of 5*l*., and discharge the credit he owed by a five-pound note?—That is not the practice, it must be paid for at the time of purchase.

At the time when those transactions were conducted by gold in the north of Ireland, was that part of the country in which there was a gold circulation depressed as compared with that part of the country in which there was a paper circulation?—Yes, I have known the north of Ireland very much depressed.

At the time when another part of the country in which there was a paper circulation was flourishing?—I cannot say that I was intimately acquainted with the south of Ireland, but I have known very great fluctuations in the north of Ireland previous to the circulation of small notes, particularly in the rate of exchange; I have sometimes got an English bill of a hundred pounds for eighty-eight guineas, and I have known an English bill of same amount to bring sixteen or eighteen per cent exchange, which in the one case would be about eight per cent premium, and

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Mr.
J. Acheson Smith.

(10 April.)

in the other it would be about eight per cent discount, but since small notes came into circulation we have had no such fluctuations.

If the Committee understand you aright, the inconvenience you apprehend is this, that on account of the particular nature of the dealings in the north of Ireland a larger quantity of gold circulation would be required in that part of the country than in many others that could be named, and therefore, that that part of the country must bear the expense of a larger amount of gold circulation than others where the dealings were on a larger scale?—Certainly; and I conceive that it would take three times the circulating medium now to answer the purposes of purchasing the produce of the country that it would have taken at the time that gold was the circulating medium.

How long is it since notes have been made of 25s. and 30s. and 35s.—It is a number of years.

Do you recollect what have been the instances of failures of banks in the north of Ireland?—Yes, I recollect two.

In what year?—I think Hannington's bank, of Dungannon, failed about the year 1815 or 1816, and the Newry bank about the same period.

Have there been no failures in the north of Ireland since that period?—I never knew of any failure of a bank in the north of Ireland since that period.

None in 1820?—Not any.

Then in fact those are the only two failures of banking establishments in the north of Ireland within your memory?—The only two banks.

Do you recollect any period when the north of Ireland with a gold circulation has been flourishing at the time when other parts of Ireland that had paper circulation were depressed?—I cannot call to recollection any particular period.

Do you recollect any particular period when the south of Ireland in consequence of the failure of the banks in that part of Ireland was in a state of great depression, when at the same period the north of Ireland was flourishing with a gold circulation?—I think there have been different periods when the banks in the south of Ireland have created very considerable difficulties there, I do not recollect that the north of Ireland was particularly affected by it.

Were those periods when the north of Ireland possessed a metallic circulation?—No, I think the bank-notes were then in circulation in the north of Ireland.

There was a period when in the course of twelve months eleven banking establishments, or nearly eleven banking establishments, in the south of Ireland failed at the same period, there appears to have been no failure of a bank in the north of Ireland; to what do you attribute that circumstance?—I attribute it to the business of the north of Ireland being rather of a different description than that of the south, and not so liable to fluctuations. Our principal business is the linen trade, there have not been very many failures in that line; the butter and provision trade, which is more fluctuating, has not been carried on so extensively in the north, and perhaps our people have been more cautious and may have kept more within their means.

If the payments in the north of Ireland are so small as you describe them to be, might not the inconvenience which you apprehend would arise from putting an end to the small-note circulation be very much diminished by an increase of the silver circulation?—I do not think it would.

The transactions of which you speak are rather larger than could be carried on by silver, but not large enough to be carried on by five-pound notes?—The principal part of our circulation for linens is not confined to the towns where a deposit of silver could be had, we are obliged to furnish our linen buyers with a supply of money for perhaps a week at a time to go to the country markets, they require to have from two hundred to a thousand pounds to carry with them, which they could not carry in silver.

Are you aware that it is not proposed to prevent the circulation of notes above five pounds?—They are of no use for our circulation in buying linens, or the produce of our country.

When you make an advance to a linen merchant to the amount of 500*l.*, is almost the whole of that advance in notes below 5*l.*?—The advance made to those who buy linens must be all in small notes, as the webs are all under 5*l.* value.

When you issue such a sum as 500*l.* to a person who wants a credit of 500*l.*, do you in point of fact issue the whole of it in notes below 5*l.*?—Yes.

Then is the circulation of bank-note paper in the north of Ireland almost entirely limited to notes below 5*l.*?—Entirely. The Belfast Bank at one period issued twenty-pound, eight-pound, and four-pound notes; but they did not remain out in circulation, they

they were sent in immediately to get small notes, and therefore they discontinued issuing them.

Are there any notes of Belfast of 5*l.*?—There may be for town circulation, but not for the purpose of buying the produce of the country.

Are the rents paid in notes of 5*l.*?—In notes under 5*l.* generally.

The bank with which you are connected has no notes of 5*l.*?—None.

Is there an actual deposit of bank of Ireland notes kept at some place in Dublin by your bank?—Yes.

Sufficient to meet the demands that may be made upon them?—Sufficient to meet every demand; they have often paid very nearly their entire issue.

When you state that the agents of the linen merchants that are sent through the country to the markets to purchase linen have been obliged to be supplied with sums of from five hundred to a thousand pounds, do you mean that they personally carry that money about with them to the markets?—They do.

Then if the notes under 5*l.* were annihilated they would be obliged to carry that amount with them in gold?—Yes, or our purchases would be perhaps more limited.

Are you a linen merchant yourself?—I am.

How many linen greens have you?—I have the whole of one, and half of another.

How long have you been a general merchant in Derry?—Between thirty-five and forty years.

Do you receive money for any considerable estates in the county of Derry?—I do.

For whose estates?—The estate of the late Mr. Ponsonby, and also Mr. Richardson's, which constitute two large proportions of the country; the goldsmiths and merchant tailors.

Did you receive them when the circulation of the country consisted of gold?—I did receive the rents of Mr. Ponsonby at that period.

Had you any difficulty in collecting the rents at that time?—I cannot say that I had.

They were paid as freely then as they are now?—Yes.

Has the circulation of the north of Ireland, as far as your observation goes, diminished or increased in amount since the month of November last; that is, the quantity of paper issued by the different banks?—I do not think there has been much change; I think it is about the same; the banks of the north of Ireland were more limited in their issues, but I think that their prudence was supplied by the issue of the agents of the bank of Ireland.

Was that cautious system in any degree produced under an expectation of the change in the currency?—Partly by that, and partly from the situation of England; the failure of the different banks in England.

Do bank of Ireland one-pound notes circulate in the north of Ireland to a great extent?—They are beginning now; they have not had any establishment in the north of Ireland till lately.

During the years 1821, 1822 and 1823, were there any one-pound notes, or notes below 5*l.* of the bank of Ireland, in circulation in the north of Ireland?—Yes, there were; the army were paid almost entirely by notes of the bank of Ireland, and at several of the public offices nothing else would be taken.

What proportion do you suppose the circulation of the bank of Ireland in the north of Ireland would bear to the annual circulation of the country banks?—Not more than an eighth.

The Committee have before them an account of the number of country bank-notes stamped in Ireland in each year from 1819 to 1825 inclusive, distinguishing the notes of 5*l.* and upwards, and under 5*l.*, and stating the total aggregate amount. In the year 1821 the total amount of country bank-notes stamped in Ireland was 454,000, in the year 1822 it was 429,000, in the year 1823 it was 346,000; do you think it possible that there could have been a larger amount in circulation of notes below 5*l.* in those three years than the amount that was stamped?—I am quite sure there was a much larger amount.

Will you state why you think so?—From the issues of the different banks.

This is an account of the number of country bank-notes that were stamped, and no notes would be issued except what were stamped?—But then they are issued and re-issued; the notes that had been in circulation for years before that were still in circulation, and these new stamps were only to supply those that had been torn and very much worn by circulation.

Do you consider that a one-pound note generally lasts much longer than three years?—Sometimes longer and sometimes less.

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Mr.
J. Asheson Smyth.

(10 April.)

What would you take the average to be?—I cannot form an opinion as to average.

Will you state what you consider to be quite the outside?—Three or four years perhaps.

Do you conceive it possible that the small-note circulation of country banks in Ireland generally can exceed two millions?—I am quite sure that the small-note circulation in the province of Ulster is between a million and a million and a half.

Is that the circulation of the country banks?—All the small notes, including those of the bank of Ireland.

Upon what do you form your calculation?—The issues that I have understood to be the issues perhaps of one particular bank, give me a kind of data upon which to suppose what the whole would be.

Have you formed any calculation as to the whole amount of the small-note circulation in the whole of Ireland?—No, I confine myself to the north of Ireland, the province of Ulster.

Have you reason to think that it does not fall short of 1,500,000*l.*?—I am quite certain that it does not.

In that you include all the notes under 5*l.*?—Yes.

Have you that general information of the issues of all the banking establishments in the north of Ireland that you can undertake to say what the total amount is?—Certainly not.

Then if you have not that information, how can you fix upon a million and a half as the minimum?—From the conversation I have had with a number of gentlemen in the banking trade, and the best information I can get.

Are you of opinion that there was a large number of notes stamped within the last year in contemplation of the change in the currency, in order to be provided for it?—I believe there was.

Do you think that will account for a greater number of notes having been stamped within the last year than in preceding years?—Certainly.

It appears by this Return, that in the year 1825 the amount of country bank-notes stamped in Ireland under 5*l.* amounted to 1,560,000; and in the three years 1821, 1822, and 1823, the amount of country bank-notes stamped did not amount to 1,200,000; how do you account for that, that in one year, namely the last, the amount of country bank-notes stamped should be 300,000*l.* more than in the years 1821, 1822, and 1823?—Most bankers expected that there would be an immediate application for exchange from the old Irish currency to the new, and therefore they prepared themselves with notes to meet the notes out in circulation, and I should think that the amount that were stamped last year would be a very fair criterion to judge of the amount of notes in circulation.

Do you think that the amount of notes stamped last year may be considered as a fair criterion of the amount of notes actually in circulation?—I do.

If that be so, as the amount of notes below 5*l.* stamped last year was only 1,560,000, how can the small-note circulation in Ulster be carried to the same amount?—That does not include those of the bank of Ireland.

You say that the bank of Ireland circulation in the province of Ulster is only, connected, one-eighth of the whole?—That is the proportion in my own neighbourhood; in other parts, in particular parts of the county of Donegal and the county of Fermanagh, the bank of Ireland notes are very much in circulation.

Are they so much in circulation as to account for the enormous difference that there must be upon that calculation, because, according to this criterion, the total amount of the small-note circulation of the country banks would be 1,560,000?—I think so.

What do you think are the reasons for the increase that took place in 1824 as compared with 1823, which would not be accounted for by your answer to the last question. It appears that the small notes of country bankers in 1823 were not 350,000, and in 1824 they amounted to 861,000, considerably more than double, what was the reason for such an immense increase?—I should suppose that the establishment of the provincial banks might have caused an increase.

Those did not exist in 1824, as the act only passed last year?—They might be preparing; I cannot account for it otherwise; the Northern Bank were then preparing for their new establishment.

Was there a very great increase in the commercial transactions of Ireland in the year 1824 as compared with the year 1823?—I do not think there was.

In forming your estimate of the amount of the circulation in the north of Ireland, have

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have you had before you any statement of the number of stamps issued by government?—No, I have not.

Then that estimate is founded merely upon what has fallen within your own practical observation in your own neighbourhood, and upon conversations you have had with gentlemen upon the subject?—Yes.

Are you certain whether those gentlemen with whom you have conversed upon the subject had any reference to the amount of stamps that had been issued by government?—I do not think they had.

Do you consider it possible to form any thing like a correct estimate upon such a foundation as that upon which your opinion is formed?—Certainly not a correct estimate.

Must it not be extremely vague in its very nature?—The fact can only be certainly ascertained by the opinions or by the evidence of the bankers themselves; any other opinions must be entirely the ideas of the persons giving them.

Has your estimate been formed upon communications you have had with the bankers themselves?—Not entirely.

Even amongst bankers, do you imagine that one banker has correct information as to the amount of the issues of any other banker?—Certainly not.

Are you much acquainted with the mode of transacting business in Lancashire?—Not more than from having been occasionally there, and from having made inquiry of different gentlemen.

Do you know how many country banks in Lancashire issue one-pounds notes?—I do not believe there are any.

Do you know that there is a branch of the Burnley Bank in Manchester that issues one-pound notes?—No, I do not know that.

Do you know that there is a branch of the Macclesfield Bank in Manchester that issues one-pound notes?—No.

Then in point of fact you are not personally and intimately acquainted with the mode of transacting business in Lancashire?—No, I give my opinion from a conversation I had with Mr. Lloyd the banker of Manchester, and several manufacturers, about three weeks or a month ago, who told me that they were able to get on with the gold circulation without any of their banks issuing small notes.

At what rate do the banks in Ireland discount?—Five per cent.

All of them?—I believe so; they had discounted at four per cent till the difficulties in England.

Since when has it been raised to five per cent?—Between two or three months.

In the course of last year they discounted at four per cent?—Yes.

How long did they discount at four per cent?—About a year.

Do they allow interests upon deposits?—Yes, at the banks, not at the branches.

What is the longest date of bills that you generally discount?—Three months generally.

Do you allow interest on money deposited?—If it remains a certain time.

But the banks do not allow interest upon a running account?—None.

Are there not considerable purchases made in the west of Ireland of agricultural produce, by exporting merchants of Belfast and Derry?—Yes.

Would any inconvenience arise to the Belfast agents that go into the west of Ireland to make those purchases, if they were obliged to furnish themselves with gold for those purchases, instead of small notes?—I do not conceive that they could get gold.

Has the establishment of those two new companies, the Provincial Bank and the Northern Joint Stock Bank, decreased to the mercantile people of the country the per-centage at which they used to conduct their business?—The bank of Ireland first lowered the discount from five to four per cent, and the other banks followed.

Did not the Northern Bank lower before the bank of Ireland?—I believe not.

Was there formerly, besides the per-centage discount upon a bill, any commission charged?—There was.

In other places than Belfast?—Yes.

How much?—A quarter per cent, six per cent interest was charged, and a quarter per cent commission to pay their agent.

Is that so now?—No, there is no charge but five per cent of any kind.

Was that change occasioned by the new establishments started under the act of last session?—I rather think it had taken place prior to that.

Was it in contemplation of that?—I do not know that it was.

Mr. Joseph Robinson Pim, called in ; and Examined.

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*Mr.
J. Robinson Pim.*

(10 April.)

YOU are a merchant in Dublin?—I am.

In what particular branch of commerce are you engaged?—In a great variety of trades in Dublin : the firm that I belong to are engaged as general merchants, import and export, and occasional manufacturers and spinners ; at present we are spinning and manufacturing cotton.

Is your manufactory in the neighbourhood of Dublin?—Quite close to Dublin ; that arises from the failure of the person we had set the mills to, we are obliged to take them on our own hands ; but we are not generally engaged in manufacture, we call our trade the Manchester Trade. We have been importers of Manchester goods for many years, we are now exporting Irish-manufactured goods to South America.

In what state of the manufacture do you import goods from Manchester?—Finished goods, calicoes, quilts, &c.

Are you connected with any banking establishment?—We are all connected as shareholders ; I am not a director of any bank.

In what banks do you hold shares?—I hold shares in the provincial banks of Ireland and in the Hibernian Joint Stock Bank, which got an act of Parliament last session ; they are not allowed to issue notes in consequence of having an establishment in Dublin.

How do they conduct their concerns?—They discount bills and receive lodgments likewise, and have been of great service in the late times.

When they discount bills what do they issue?—They issue bank of Ireland notes and gold, they cannot issue any thing else at present.

What do they charge upon a discount?—They charge five per cent discount ; it was four per cent till the time that the bank of England changed their rate of interest, immediately after that the bank of Ireland raised their rate of interest to five per cent, and of course the Hibernian Bank followed.

Do they receive deposits?—Yes.

What interest do they allow upon deposits?—Nothing ; the last half year there were, upon an average, deposits to the amount of between eighty and ninety thousand pounds, as well as I recollect, that is one source of profit that we look to as shareholders, the constant balances that remain in their hands.

Are there not other banks existing in Dublin allowing interest?—There are some private arrangements of that sort, but it is not considered respectable for a banker to allow interest in Dublin.

Do not the provincial bank of Ireland allow interest upon deposits?—They do, but they have no establishment at Dublin ; they allow interest at Cork, Belfast, Limerick, &c. and other places.

Do you conceive that your bank, that does not allow interest upon deposits, will be able to compete with a banking establishment that does allow interest?—Certainly not ; if there is a bank allowing two per cent interest, and another bank allowing no interest, the bank allowing no interest will get few deposits.

Must not the profits of the Hibernian Banking Establishment depend upon the amount of the deposits that it receives?—Very much.

Supposing there were no deposits, there would be very little inducement to establish a bank not issuing its own notes but the notes of the bank of Ireland?—When this bank was established they fully expected, I believe, to be allowed to issue notes, and I understand they still expect it when the charter of the bank of Ireland expires, if the necessity of the country requires it. We calculate that it will only remain as it is for a few years, and that ultimately we shall have the advantage of issuing notes.

Could you not just as well issue gold in discounting bills as bank of Ireland notes?—Certainly, we could have gold at any time from the bank of Ireland ; it is not so portable, and therefore no one likes to get gold.

What number of partners does the Hibernian Bank consist of?—I think there are ten thousand shares of a hundred pounds ; twenty-five per cent has been called in, and the remainder may be called in on giving a certain notice.

There has been 250,000 *l.* paid by the shareholders?—Yes.

How do you employ that sum?—It is constantly employed in discounts ; the whole capital could at present be fully employed in discounting in Dublin. It is, I understand, the present state of the money market that deters the directors from calling in more money ; if they were to call it in at present the shares must come to a great discount, they are at already nine and a half per cent discount.

The

The capital of which the company are possessed consists of 250,000 *l.* paid by the shareholders, and of 90,000 *l.* which have been paid as deposits?—Yes, I suppose about 90,000 *l.* generally.

Is that capital all employed in discounting bills?—Fully, I believe.

What is the motive for individuals to subscribe for shares of a bank which limits its profits to five per cent upon the use of its own money?—I can hardly answer that question. At the time the bank was established there was but four per cent received, and I suppose most gentlemen of the Committee are aware that at that time interest money was of very little value, it was hardly worth three per cent at that time, and they subscribed to this expecting that they could get four per cent, and probably at some future time it would be worth much more. It arose out of that general speculation which occurred about a year since.

Might there not be other inducements besides the inducement of profit which may have led to the establishment of that bank?—I believe that was the case. A number of Roman Catholic gentlemen finding they were continued to be excluded from the direction of the bank of Ireland met together, and obtained the signatures, not only of Roman Catholics, but of a number of others, amongst the rest myself, to the establishment of this bank; many merchants signed it, as considering that by having an opposition bank in such a city as Dublin, advantages would frequently be derived from it, and not altogether looking to the emolument which they should receive as subscribers to the bank, but looking at it as citizens generally; I myself never calculated on a very great deal of profit from it, except at a very remote period. Some of the individuals who undertook it came over to London, and they had expected to obtain the power of issuing notes, but they met with so much opposition from the bank of Ireland; there were some of the directors of the bank of Ireland came over here in order to oppose it, and the clauses which they intended to enable them to issue notes were expunged in the committee, but I state this only from hearsay.

Was there not a memorial presented this year to the Treasury by either the Hibernian Bank, or a number of merchants in Dublin, praying for the privilege of issuing notes, to be opened to joint-stock banking establishments in Dublin?—There was.

Does the Hibernian Bank hold out any inducement to the tradesmen of Dublin to make a deposit with them more than they would experience from the bank of Ireland?—Nothing more; but probably party motives may induce many individuals to lodge their money with the Hibernian Bank in preference to the bank of Ireland, Roman Catholics particularly.

Do you know what the state of the law is with respect to paying interest upon deposits?—It is generally understood that bankers cannot pay interest upon deposits; I believe the act of Parliament is, that you cannot enforce interest from a banker; I believe the banker may allow it, but you have no power of enforcing it.

Would there be any objection felt by your company to take interest upon deposits if they felt that the law allowed them to do so?—I believe there could not be any.

You said that it was considered disreputable in a banker to allow interest upon deposits?—It has been considered so with respect to the Dublin banks.

Would it not be attended with a great public advantage if the banks in Dublin were allowed by law to pay interest upon deposits?—Certainly; but I am an enemy to private banks altogether, they have been such a source of injury to Ireland from the number of failures that have occurred.

Would the Hibernian Bank allow interest upon deposits if the law allowed them to do so?—I am not certain of that, not being a member of the board of directors.

When you state that private banks have been greatly injurious to Ireland, what instances have occurred to you of injury having arisen from them?—I go back as far as Lord French's bank, that is one of the oldest within my recollection, and the bank of Williams and Finn.

In what year was that?—I should think about 1808 or 1812, but I forget the year; there never has been a dividend on Lord French's notes that I ever heard of.

Did not Lord French's notes constitute almost the whole circulation of the province of Connaught?—Yes, and many of them travelled up to Dublin.

Was not there immense distress caused by that failure?—Very great; it produced such an effect on our trade as to induce a number of us to change our course of trading altogether.

Were not a great proportion of those notes held by the poorest classes?—Yes.

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Mr.
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Did not they prefer them to the circulation of the bank of Ireland?—They did; that arose partly from party motives, Lord French and partners being considered Roman Catholics, and partly from the circumstance of persons preferring notes that they knew the signatures of. I think that the establishment of the provincial banks, with their mode of signing the notes, will be very useful in Ireland; they are signed at the places where they are issued, which will almost do away with the possibility of forgeries.

Are you connected with the south of Ireland?—I am.

Are you acquainted with what occurred there with respect to the banks about the year 1820?—I was in Cork about that time.

Was there great distress caused by the failures then?—Very great.

Do you recollect the number of banking companies that failed at that time?—There were Roche's and Leslie's banks failed, I think both in one day.

How many banks were there remaining?—I believe there was no bank but Joseph Pyke's. He has lately died, and I think George Newenham & Company issued notes, but they withdrew their notes; they gave up the trade, but I am not certain whether Newenham's had withdrawn from trade before that time, but there were four banks in Cork; there was Pyke's bank, Newenham's bank, and Roche's bank, which had a very large circulation, and Leslie's bank.

Was there great distress caused by the failure of those banks of Roche's and Leslie's?—Very great; the last or second failure of Leslie's a few weeks since caused a considerable distress in Cork.

Were the notes in a great measure in the hands of the lower classes?—Yes, I believe so.

Did they constitute the chief circulation in the neighbourhood of Cork?—At the time of the first stoppage of Leslie's and Roche's they did constitute a large portion of the issues.

Have you formed any opinion as to what would be the effect of a law which should prevent the issue of notes under 5 *l.* in Ireland, and compel all banks to pay their notes of 5 *l.* and upwards in sovereigns?—I think it would be very injurious to Ireland to limit our notes to 5 *l.*

Will you state the ground upon which you form that opinion?—The difficulty of transmitting money is obvious; it would reduce the circulating medium of the country; a considerable expense would be incurred in the transmission of gold from one part of Ireland to another.

Do you recollect the period when there was a gold circulation in the north of Ireland?—I just recollect it. The circulation of gold continued in the north of Ireland much longer than in any other part of Ireland.

Was not business carried on satisfactorily then?—I have understood that it was so; but I have spoken with north-country persons, and they say they could not go back to the same state.

So far as they experienced of the gold circulation, were they not satisfied with it?—They were perfectly satisfied, I believe, as they were very hard to be persuaded to take notes for a long time.

What was the reason that they formed such a prejudice against bank paper in the north of Ireland?—I believe in the north that they thought they were safest with gold; it was a local prejudice, probably without any reason.

If the people of Cork preferred gold after the failure of the banks you have mentioned, you would not call that a local prejudice?—But the people of Cork are perfectly satisfied with the joint-stock notes of the provincial bank of Ireland and bank of Ireland notes.

Is not the unwillingness which the people manifested to take notes commonly attributed to the political feeling which existed about the year 1798, and a dislike to take paper connected with government?—No, it was not so much that; but for a long time after the year 1798, a number of people thought we should have a recurrence of those times again, and that they had better keep gold by them.

Supposing the present one-pound notes in Ireland to be withdrawn very gradually, and gold to be substituted to the same amount as the one-pound notes which now exist, what inconvenience do you apprehend would result from that?—I think the anticipation of it would be nearly as bad as the reality; if it is to be done it may as well be done at once. We always find that mercantile men calculate upon a circumstance of that kind, and very often the effects are much less than they anticipate. I should be afraid of the effect of withdrawing it gradually. I think the anticipation of it during the three years that the small notes were to be withdrawn,

drawn, would discourage capital from being vested in manufactures in Ireland; they would, I think, wait till the three years are out, and see what effect it will have.

Can you conceive a more effectual obstacle to the introduction of manufactures than such failures as those that took place in 1820 in the south of Ireland?—We shall never have similar again, the country are so decidedly against taking notes of that description; indeed there is little or no circulating medium except joint-stock notes in the south of Ireland.

You think the establishment of joint-stock companies will be an effectual security against the recurrence of those failures?—Yes.

You think they would drive the private banks out of the field?—They are already driven out, or nearly so, in the south.

Are the partners in the Hibernian Banking Company responsible to the whole amount of their property?—I am not quite certain; I believe they are. I know that is the case in the provincial bank of Ireland.

Are all the notes of the Provincial Bank payable in gold upon demand?—Yes.

What is the amount of the capital now in the possession of the Provincial Bank?—Three hundred thousand pounds; 15*l.* per share has been paid or called in upon 20,000 shares.

It would make no difference to the Hibernian Banking Establishment, if there were a law passed preventing the issue of small notes?—It would make no difference; but unless the law is changed, I should think that establishment will be broken up; if we find that Parliament is still adverse to changing the law, I should vote for a dissolution of the bank altogether, and to increase the capital of the provincial bank of Ireland, if needful.

The charter of the bank of Ireland at present gives them the exclusive privilege of issuing notes in Dublin?—It does at present, within 50 miles of Dublin. We have had comparatively little distress in Ireland, and some have attributed it to the establishment of the provincial bank and branch banks of Ireland.

Has it promoted practically the extension of manufactures in the south of Ireland?—Very considerably; it gives the distant parts of Ireland the advantages that formerly Dublin alone possessed.

Do your dealings with the south of Ireland give you an opportunity of knowing the advantage that people have derived from that establishment and branch banks of Ireland?—Yes; we sell the raw article for the cotton manufacture to the manufacturers of Bandon, Dunmanway, &c. in the south of Ireland, as cheap as we should sell it in Dublin. We draw bills and they accept them, payable at the branch in Cork, and we can get the money back by return of post from the Provincial Bank, if we wish.

What article do you sell?—Cotton yarn; it has been of great advantage to those manufacturers in that respect, by giving them the raw material at a lower price than we could have possibly afforded it formerly, when we paid a higher rate of interest, and at times a commission for negotiation.

Is that course of dealing extending the manufactures in that part of the country?—Very much; I suppose we have fifteen to twenty persons engaged in the cotton manufacture within the last twelve months that never embarked before, from Waterford, Clonmel, Caher, Limerick, Cork, Bandon, Dunmanway, &c. all in the south.

Do you attribute the introduction of that system to the accommodation afforded by the provincial banks?—Not entirely; it arose from the repeal of the Union duties and increased intercourse first, but the banks alluded to have assisted very much.

Are those little manufacturers tolerably well employed?—They have all, so far, I believe, full employment: they could get twice as many hands as they have very soon.

Can they find employment for the hands they have already engaged?—Fully, I understand; they have local sales in their own neighbourhood; they are not dependent upon a foreign market.

Are the articles made very cheap?—Very cheap.

Are the Committee to understand that the whole paper circulation of the south of Ireland consists exclusively of the notes of the bank of Ireland and of the Provincial Bank nearly?—Entirely so. The death of Joseph Pyke has caused his executors to withdraw his notes; his notes were in very good credit, but he died lately, and his sons having sufficient property left them, and not being of age, are not going to continue the banking. There is a person of the name of De la

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Cour, but his notes are of so limited a circulation that it is scarcely worth naming.

Then the circulation of paper from private banks is at present chiefly confined to the north of Ireland?—Chiefly, there are a few issued from Dublin.

Can bankers in Dublin issue notes?—If there are not six partners it may be done; the Legislature says, if there are not six partners they may issue notes; in my opinion, it should have said, if there are more than six partners they may issue notes.

How many private banks are there in the north of Ireland?—Two or three besides the Northern Joint Stock Bank.

In point of fact, has not the opening of the bank charter, with respect to places beyond fifty miles from Dublin, been very beneficial to Ireland?—Certainly the Northern Joint-Stock notes pass in Dublin very freely, though they are not payable in Dublin.

In your opinion, would it be advantageous to the interests of Dublin and of Ireland generally if that restriction was removed with respect to Dublin?—Certainly.

Would immediate advantage be taken of such a circumstance by the Hibernian Bank, and do you think other banks would be instituted upon the same principle?—I have heard that another bank has been partly formed in London for that purpose, if that restriction were taken off; it is called the Commercial Bank of Ireland.

Do you know how many private banking establishments in Dublin issue notes?—Shaw and Company issue notes, and Ball's issue notes; Finlay's did, but I think they are withdrawing their notes; and Latouche have withdrawn their notes.

Have Latouche's house circulated any notes since 1797?—I am not sure whether they have issued notes, but I have had bank post-bills of theirs within the last few years.

What in your opinion would be the practical effect of prohibiting the issue of one and two-pound notes in Ireland?—A general reduction of the value of property, that would be the natural consequence.

Do you mean to say that it would check that sort of credit which is now given, which admits of manufactures being carried on in the way they are at present carried on?—It would reduce credit very much.

Do you think it would check the tendency which exists to extend manufactures?—I think it would.

Do you think it would interfere with the new system of manufacture that you say is rising up in the south of Ireland?—I do not think it would; that is on so small a scale; they merely purchase the yarn and work it up; but it would interfere with such establishments as the building of cotton mills, &c.

Do you think it would interfere with the transmission of capital from this country to Ireland?—I think it would; persons would wait to see the reduction on property first; I think it would reduce the value of land, and the value of corn, cattle, &c.

How would it reduce the value of land?—By occasioning a general reduction of the value of property, if corn lowers land must follow in time.

Does it come under your knowledge as a general merchant, that the trade and manufactures of Ireland have increased of late?—Very considerably.

To what circumstance do you attribute the change in those respects?—Taking off the Union duties; immediately upon their being taken off there was an impulse given to manufactures in that country.

Have manufactures extended very considerably since the repeal of the Union duties?—Very considerably.

Has the improvement been confined to any one particular manufacture, or is there a general improvement in all manufactures?—It is a general improvement in the cotton manufacture; I believe in the woollen also.

Are not you concerned in a steam-boat company?—I am.

Are you able to state whether the number of transactions and dealings between Liverpool and Dublin have very much increased of late?—Very much; ten fold, I should think, within two years.

Is that business going on increasing?—Yes, considerably; there is generally a packet each day from Dublin, and we calculate on having business for two very soon.

Of what size are your vessels?—They carry two hundred tons.

Have you vessels that run between other parts of Ireland and England?—
Between

Between Cork and Liverpool, and between Cork and Bristol; and we are building one to run between Liverpool and Waterford.

Has the general trade of the other parts of Ireland increased in the same proportion as the trade of Dublin?—I believe it has.

How many boats will your company have as trading steam-boats this year?—The two companies I am interested in will have very nearly thirty trading and passage steam-packets.

Do you apprehend that any inconvenience or risk would be incurred by people being obliged to carry gold to the south of Ireland for making their purchases?—Very great inconvenience; but I think that never can occur; some mode or other will be managed between party and party to prevent that; there must be I. O. U.'s, or something or other to answer the purpose of notes; no act of Parliament that can pass will prevent that I believe.

Would there be any risk in taking gold about?—There would be very great risk at present, but that I hope will not continue; when the people get more employment, there will be less risk I should expect.

Do you apprehend that the circulation of notes under 5 *l.* has any tendency to produce over-trading?—No, I do not think it has a tendency to produce over-trading; I think the establishing private banks without capital has a great deal more tendency to produce over-trading.

Which you think the joint-stock companies are calculated to avoid?—Yes, but I would place them under legislative restrictions; I would have their accounts exposed annually, so that every individual should know the number of their notes out. There are certain checks by which the public might know the extent of their issues; I would not allow them to issue notes beyond a certain extent, proportioned to their capital.

Has the conduct of the bank of Ireland, with regard to the issue of its paper, had much effect in Ireland?—It has given great satisfaction; no just complaint can be brought against them; we have had an account with them from the commencement of our business, and never changed it.

Do not the bank of Ireland continue to pay their notes in guineas?—When demanded.

Do they not endeavour to pay guineas in preference to paying sovereigns?—They did at one time; it was supposed either that they had some old guineas which they wished to get rid of, or that guineas not being quite so passable in the country, they gave out guineas knowing that they would not pass so freely, and therefore so many would not be demanded. We do not like receiving payments in gold in Dublin.

Do you often see gold in Dublin?—Constantly; but we consider it shabby to be paid in gold.

Is there much transit of gold between England and Ireland?—That depends upon the rate of exchange. There is not a great deal.

How is the rate of exchange now?—Very near par.

Has the alteration of currency produced any alteration of practice?—Very little.

What is the rule of drawing?—The bank of Ireland have varied it two or three times; the present rule is twenty-one days.

Do they make any charge?—No charge but the stamp.

What is the rule of private banks?—Private banks must draw the same as the bank of Ireland; but there is very little drawn now, except by the bank of Ireland and merchants.

Do the provincial banks pay their notes in Dublin?—They are paid in Dublin by Latouche's; at least, if I went in with one of them they would place it to my credit; I could not enforce the payment in Dublin.

Is there not reason to complain of the state of the law with regard to the restrictions under which joint-stock companies are placed in carrying on their business in Ireland?—Decidedly; but we feel very little inconvenience, for when it is understood that their notes will be paid in Dublin, it answers the same purpose.

When was that restriction with respect to the payment of notes in Dublin imposed, was it in the original agreement between the bank of Ireland and government when the monopoly beyond fifty miles was opened?—I believe it was.

Is there a likelihood of more joint-stock companies being established in Ireland for banking?—Not at present. The shares of those which are established being at a discount will prevent that.

Are the shares of the Provincial Bank at a discount?—They are. The shares of

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the Hibernian Bank are at nine and a half discount; they have not lost any money that I have heard of.

Was not there a run upon one of the establishments of the Provincial Bank lately?—In Cork, when the other bank stopped, there was a run for two or three days.

Did the payments in specie amount to a considerable sum?—I understood that they amounted to about 60,000*l*.

Is the state of the silver currency satisfactory in Ireland?—Very satisfactory; we have a great want of copper; we have no penny pieces; the poor people all calculate in Irish currency still, in their retail transactions.

Are the public satisfied with the change in the currency?—Very well satisfied.

Are the dealings carried on in Irish or in English currency?—The retail dealings are carried on in Irish, and the wholesale dealings in English currency.

Will not the practice of carrying on dealings in Irish currency decrease every day?—Certainly.

Will it not in all probability cease as soon as the new copper coin is sent over, which shall lead to a perfect assimilation?—Certainly, very soon after.

Upon the whole is the change of currency a measure that is approved of, and thought advantageous to the country?—Very much approved of, and it must be of great advantage to the country.

Has the run upon the provincial bank at Cork injured its credit?—Not at all; every well-informed person wished to stop it; in fact their credit could not be injured, for the many respectable individuals who are personally responsible for it are such as must insure its credit.

Might not the commercial transactions between England and Ireland be very much facilitated by some arrangement between the bank of Ireland and the bank of England, by which they might agree to pay their notes for each other?—Very much.

Do you see any difficulty in carrying such an arrangement into effect?—None whatever.

Would it operate with advantage mutually to both parties?—Certainly, I should think so.

And very much to the advantage of the public?—Yes, particularly to Ireland as the weaker country. If government would even allow bank of Ireland notes to be taken in England for duties it would facilitate the thing very quickly, for wherever customs or excise duties were paid it would be soon known that bank of Ireland notes were taken, and that would oblige the bank of Ireland and the bank of England to come to terms.

Are not bank of Ireland notes allowed to be paid for king's duties in Ireland?—Yes; and I wish it to be the same in England, and bank of England notes received in Ireland for Irish duties, it would tend to mutual convenience. There will be, I fear, a jealousy between the banks for some time to prevent it, if government do not interfere and order it.

Mercurii, 12^o die Aprilis, 1826.

Mr. James Marshall, called in; and Examined.

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YOU are connected with the Provincial Bank in Ireland?—I am.

What situation do you hold in connection with that establishment?—I am chief accountant; and I also discharge the duties of secretary at present.

Are you resident in this country?—I am resident here, but I occasionally visit Ireland on the business of the bank.

What is the reason for having any part of the establishment fixed in this country?—The capital was chiefly raised here, and the chief board of direction is in this country; the business of the banking concern is actually carried on in Ireland, but the board of directors in London act as a board of control over the whole.

Are there any acts that can only be done upon a reference to the board in London?—Yes.

Is not the delay occasioned by the reference inconvenient in many instances?—No, because there is a certain discretionary power given; but when demands are to any extent beyond that, reference must be made to the board in London. At each

each of our branches, of which there are seven at present in operation, there is a manager and other officers to conduct the practical part of the business; they are assisted by a local board of direction, consisting of three, four or five gentlemen, according to circumstances, and they have a discretionary power of discounting to a certain extent for any one particular person, which we know is sufficient to enable the business to be carried on without interruption. If advances to a greater extent are wanted, they must make references to the board in London.

Will you first of all state in what towns in Ireland there are branches of the Provincial Bank?—The first we established was Cork, the next Limerick, next Clonmel, next Londonderry, then Sligo, Wexford and Belfast, making in all seven; and the bank has in contemplation to establish seven more, of which two will be opened in the course of two or three weeks; the first that will be opened is Waterford, the next will be Galway, and then Armagh, Newry, Athlone and Ballina.

What were their motives for establishing a branch at Belfast, where there were previously existing so many banking establishments?—The object of the bank itself was for Ireland generally.

Had you applications from Belfast to establish a branch there?—There were, generally from the north of Ireland; and at the time the Provincial Bank was formed, the bank of Ireland had no agency in Belfast; they have since established one.

At which of the towns where you have branch banks now existing have the bank of Ireland branches also?—At Cork, Clonmel, Waterford, where we have not yet opened ours, at Belfast and Newry, where we are about opening one; they have also a branch at Westport, where we do not intend to have one, and at Derry, where we also have a branch.

Have they any branch at Sligo?—No.

In what way do the issues of bank-notes by the Provincial Bank take place?—By the discount of bills.

Is that the only way in which they take place?—Almost chiefly; the bank wished, if it was found to answer in Ireland, to introduce the system which has been pursued in Scotland, of giving cash credits; that is to say, a credit upon a bond of security, either personal or real, according to circumstances, where a party is allowed to draw the amount of that bond, and pay in the money as he thinks right.

Have cash credits been opened at any of the branches?—At Cork.

Is there any limitation as to the amount of cash credit that may be granted to one individual at Cork?—The local directors have the power of granting it to the extent of a thousand pounds; beyond that they must apply to the board at London.

Will you state the respective amounts of bank-notes that are issued by the Provincial Bank?—One pound, thirty shillings, three pounds, five pounds, and ten pounds.

No notes above ten pounds?—Those are all we have issued as yet.

Are any bank post-bills issued by the Provincial Bank?—No, we have not the power of issuing bank post-bills; the act under which the bank is established prohibits that.

Does the agent of the bank sign the note which is issued at the town where the bank is situated?—He does.

Then he has a certain number of bank-notes sent to him?—They are sent from London, numbered and signed by an entering clerk, to be stamped in Dublin and then forwarded to the branch, where they are signed by the manager.

Is there a local board in Dublin as well as in London?—Not in Dublin.

The only superior board is in London?—Yes.

Is the correspondence with the branches carried on by the board in London?—Yes; but we have also correspondents in Dublin, not officers of the bank; the house of Messrs. Latouche and Company, bankers, are our correspondents there for managing such part of our business as is necessary to be done in Dublin, and as it is lawful to do in Dublin.

Supposing the agent at one of your branches in the country wanted instructions, would he in any case write to Messrs. Latouche, or would he write to London?—To London.

Have you advanced any money upon mortgage in Ireland?—No; for although some of those cash credits which have been mentioned are granted on real security,

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that is not in the nature of a loan on mortgage; the condition of the credit is, that the account must be kept in a state of active operation; the party draws out and pays in, and by those means conduces to the circulation of the bank-notes; it is not used as a loan.

What is the description of real security taken for credit of that description?—If a man gets a credit for 1,000*l.* if he has unexceptionable real security to offer, it is taken.

Does he assign his title deed?—He gives the security that the law directs may be given over real property.

Upon a real security, provided the parties offered it, would issues to any amount take place?—No.

What would limit it?—The local officers are empowered to grant a credit to the extent of 1,000*l.*; in any case, if an account for a larger sum is required, the board at London judge whether the party is one of that description who will make it a useful account to the bank; it is never given as a loan at all.

Supposing two hundred individuals applied each for a credit of 1,000 *l.* and there was a conviction on the part of the agent that each party was solvent, would he be empowered to grant to each of those individuals a credit of 1,000 *l.*?—That is rather an extreme case.

Is there any other limit upon the discretion of the agent beyond this, that no person can have a cash credit to the amount of more than 1,000 *l.*?—It is not supposable that such a thing should happen at one time before the board can have the usual returns from the branch; if they saw it was going to an inconvenient amount, to an amount that it would not be prudent to go to, as compared with the resources of the bank, they would instantly prevent it; they would limit the numbers of those accounts.

What do you apprehend they would consider as an imprudent grant of credit, supposing the parties applying for the credit to be solvent?—Solvency is not the only consideration; the object is to grant these credits only to persons in trade, or who are known to have those kind of transactions which are useful to a bank, which do not lock up the money; persons who can make frequent returns by repayments to the bank.

Supposing a credit to the extent of 1,000 *l.* to be once granted by the bank, what concern has the bank with the transactions into which the individual gaining that credit may afterwards enter?—A very material one, if granting the credit locks up the bank's funds.

In what way can it lock up the funds of the bank?—A banker must have his funds in circulation; if he were to lend all out upon real security, he would have nothing convertible to answer the payment of his notes if they came against him.

Supposing that a credit to the extent of 1,000 *l.* were granted to *A. B.* should you inquire in what manner *A. B.* availed himself of that credit?—We inquire in the first instance what is his occasion for this credit, how it is to be used; we do not look at the security only.

Are you satisfied with his verbal assurance as to that?—The party is always known, and the nature of his business is known; the bank may be deceived in it, but when they find themselves deceived as to the use made of the credit, they recal.

Is not the appointment of local directors calculated to give information to the bank upon those very points?—It is; that is the very object of it; our officers have all been sent from this country or from Scotland, and they are at present strangers in Ireland, which made the appointment of local directors necessary; by and by those gentlemen will be as fully acquainted with the country as the local directors can be.

What interest do you take upon the credits given?—Five per cent.

Upon the amount actually drawn?—Upon the actual balance subsisting. If a man has a credit of 1,000*l.* he may, perhaps, draw out 500*l.* to-day, and repay 300*l.* to-morrow; he pays interest upon the actual balance only, which he owes the bank from time to time, the account being settled either half yearly or yearly, as agreed on.

What is the power reserved by the bank to recal the principal?—The same as any man has to whom another owes a debt. The bond is not for a loan of a definite sum for a given time, it is a bond of security for the sum that the party may owe the bank at any time within the credit.

Can you require a repayment within two days, for instance?—That is not practically

tically done, but the bank may do so; the merchant who has the credit may make repayments as soon and as often as he pleases; when he gets in money from his customers, he pays it directly into the bank, and when he wants it again for other purposes he draws it out.

If he pays you interest for what he has, would not you be satisfied?—We should not be satisfied if he drew out the whole 1,000 £. and used it as a dead loan.

Is there any understanding that he shall use it in a certain way?—The credit is granted entirely upon the understanding that it is not to be so used.

Is that a tacit understanding?—No, an explicit understanding; the party is informed of it.

Can you give the Committee the form of agreement that is entered into?—There is no formal agreement entered into.

Then it is a verbal agreement?—It is a real agreement; it is not merely implied, but the party is informed of it.

It is known to be the practice of the establishment?—Yes, and every man that applies for a cash credit is informed that such is the condition upon which it is to be granted.

That condition is, that he shall pay five per cent upon the actual balance due to the bank?—And that the credit shall not be used as a dead loan.

Is there any written agreement as to the amount of interest he shall pay?—No, it is not customary with any of the banks to do that.

Is there any particular class of persons to whom the opening of credits is confined: supposing a gentleman with a landed estate were to apply for a credit from the bank, giving adequate security as to his solvency, would the bank in that case open a credit with a country gentleman?—If he satisfied them that it was to be properly used, the mere circumstance of his being a country gentleman would not in every case prevent their doing so; but generally speaking it is mercantile persons only to whom such credits are given.

What should you consider to be a proper use to be made of the funds derived from the bank by a country gentleman?—If he may happen to be engaged in operations which may produce a beneficial circulation to the notes of the bank, and if the bank can be satisfied that he will repay the sums in the same way that a merchant does, they would be disposed to grant it.

No man would take 1,000 £. from you, and pay five per cent for it, for the purpose of locking it up?—No; but if the effect is the locking it up to the bank, that would not answer the purpose of the bank.

Would any person take money upon those terms, but for the purpose of circulating it?—If he pays it to another bank, and the notes immediately come back to the bank, and if they cannot get payment of the money from the country gentleman, the bank conceive it is locked up from their use.

Supposing the country gentleman wanted to build a mill upon his estate, or supposing he wanted to build several cottages, should you consider the expenditure upon such objects a useful extension of the circulation?—Certainly; those payments would produce the effect desired; but the bank would not only take into account what was the use that the notes were to be put to, but what prospect they had of repayments being made in the way that has been mentioned.

If you were satisfied that the security of repayment was good, you would not hesitate to make an advance to a country gentleman, if you thought the money advanced was to be employed for a useful object?—Provided the repayments could be depended upon, which the country gentleman would make from his rents or otherwise.

You would expect him to become a customer?—Yes.

What is the interest allowed upon deposits?—Two per cent.

In all cases the interest upon deposits is two per cent, and the interest required upon actual issues is five per cent?—Yes; we commenced discounting at four per cent, but raised it when the banks of England and Ireland did so.

At what period do you pay the interest upon deposits?—Half yearly or yearly, as the parties desire the account to be settled.

Do you pay your deposit receipts at any given notice, or immediately on being presented?—Immediately on being presented.

To any amount?—To any amount.

Is there any limitation as to the length which the bills discounted shall have to run?—The local managers have no power to exceed three months.

Why do you establish a limitation with respect to the length of time which the bills

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bills you discount have to run, while you establish no limitation with respect to the repayment of the issues granted on cash credits?—The bank has it always in its power to recal the credit, when they see it is not used agreeably to the original intention. I have known cash credit exist in a bank more than thirty years; the same bond of credit which was originally given, and the same security, continuing: the party would turn over the amount of it five or six, or ten times in a year, in his account probably.

If he regularly paid interest on the amount actually outstanding, and was a responsible person, the bank would be satisfied?—Provided it was not, as I said before, converted into an absolute loan.

That is, that there was a running account, that the customer was in the habit of paying in and drawing out?—Yes.

What do you think would be the effect upon the Provincial Bank, provided you were for the future prohibited by law from issuing promissory notes under 5*l.*?—I think they could not carry on their business in the same way they do at present; if they carried it on at all, it must be upon terms that are not so liberal to the persons with whom they deal as at present, because the profit arising upon the small notes enables them to give accommodation upon very easy and liberal terms.

Are you sufficiently acquainted with the transactions of Ireland to know what effect it would have upon the trading interests of the country?—From having been three times round the country, I observed that the transactions are individually of a very small amount; the number of people who attend the markets and fairs there is very great indeed, and far exceeds any thing I have ever had an opportunity of witnessing before, and the transactions of each were of that small character in amount that required a circulation corresponding to it to enable them to carry on the business.

Are they so small that they can be carried on by a silver currency?—The great bulk of the transactions with parties who attend those markets extend in value from 1*l.* to 3*l.* or 4*l.*

What description of transactions are you now speaking of?—They bring corn to a very small amount, and butter, pigs and linen: a web of linen is generally of the value of from 25*s.* to 35*s.*

Suppose the law were to enable you to issue three-pound notes, do you conceive that you then could carry on your transactions in the way you do at present?—It would be a great deal better than if we were not permitted to issue under 5*l.* but still I consider that it would require a very great sum of specie, which of course would subject the banks to an expense they are not now subjected to, and must of course limit their accommodations.

Are all your notes issued at branch banks made payable where they are issued?—Yes.

Have you then at each place a deposit of gold in order to meet the demands that may be made upon you?—We have.

Is there any gold circulation at all in those parts of the country in which you have branches established?—There is a very little.

Of sovereigns?—Yes, it is so small as not in any degree to be compared with the circulation of small notes.

Is there an ample circulation of silver?—Yes, a great deal of silver in some places.

Why do you issue a thirty-shilling note?—Because it is found useful in business; the notes are so much more easily carried about to markets by people than the specie can be.

Is it with a view of dispensing with the silver circulation?—I believe they were introduced in some degree with that view at first in Ireland; I mean, they were intended to supply the want of silver; for instance, the thirty-shilling note is useful in buying a piece of linen, which may be of five, six, or seven and twenty shillings in value.

Some banks issue twenty-five shilling notes, do they not?—They do in the north of Ireland; we are having some prepared; we have not actually issued them yet.

Is there any communication between the agents in the different towns where the branches are established as to the amount of their respective issues?—One has no control over the other; they communicate with each other on matters for the general good of the bank.

Is there any limit upon the total amount that any given branch may issue?—That is controlled from time to time by the Board in London.

There

There is no certain sum fixed as a maximum which they cannot exceed in any case?—No, we do not find it practically necessary to establish that, because we get quick and periodical returns; we see what the amount has been out in the last week, and orders are given if necessary to limit that.

What proportion do the small notes that are now in circulation, the notes below 5 *l.* issued by the Provincial Bank, bear to the notes above 5 *l.*?—About two-thirds.

Does the remaining one-third consist mostly of five-pound notes?—Five and ten-pound notes.

What proportion do the five-pound notes bear to the ten-pound notes?—Probably about half.

Have you formed any calculation as to the total amount of the small-note circulation, by which is meant the circulation below 5 *l.* that is now actually outstanding in Ireland, issued either by the bank of Ireland or by the banks generally?—I have not been able to come at it with such a degree of accuracy as to satisfy myself, but I have seen the Return made to Parliament by the bank of Ireland.

Have you seen the amount of notes stamped?—That I do not conceive to be at all a criterion of it.

Will you state why you think the amount of bank-notes stamped would be a very delusive test to judge of the amount in circulation?—All the banks have been preparing for an entirely new issue altogether.

Can you state what proportion your notes that have been actually stamped bear to the notes that have been issued?—I cannot do it from memory.

Does it bear a very large proportion?—Certainly.

Have you formed any calculation in your own mind of the amount of the small-note circulation in Ireland, do you think it amounts to 1,500,000 *l.*?—I should think more than that; but the information I have regarding other banks in the north of Ireland I could not at all depend upon, but I should conceive it to exceed 2,000,000 *l.*

Exclusive of whatever may be the amount of circulation in sovereigns?—Yes, as far as my observation goes, the sovereigns are scarcely to be taken into account in judging of the circulation.

Has there been any great increase of the small-note circulation of the Provincial Bank?—It has been going on very gradually from its commencement.

But each establishment of a branch increases the total amount, does it not?—It has hitherto so done.

Whenever you have established a branch bank, you have found an increase in the total amount of the circulation?—Yes.

Has the establishment of a bank at Clonmel, for instance, at all affected the circulation of the bank at Cork?—I do not think it; they do not seem to have that sort of connection together that was likely to do so, and, in point of fact, we do not perceive that it has done so.

Did the establishment of the bank at Clonmel lead to the discontinuance of any bank previously existing there?—No; on the contrary, when it was understood that we were going to establish one, the bank of Ireland set down a branch there; there was a bank in Clonmel some time ago, which had been discontinued before that time.

When was that discontinued?—Several years ago.

How was the circulation of Clonmel supplied in the interval, between the discontinuance of that bank, and the establishment of your branch?—By bank of Ireland notes, which were procured from Dublin at a great expense to the parties.

Was there a very scanty supply?—As I was unacquainted with Ireland before the establishment of our bank, I cannot say.

In point of fact, the establishment of your branch, and the concurrent establishment of a branch of the bank of Ireland, led to a very considerable increase in the amount of the circulation in Clonmel and the neighbourhood?—I do not know that it did; but it enabled the people to get the accommodation they required on very different terms from those on which they had been accustomed to get it.

What do you mean by accommodation?—The accommodation of having notes of any kind; they could formerly get their bills discounted in Dublin, but they had to incur a very great expense.

Do you think the applications for discount were greatly increased by the establishment of any of the branch banks?—I cannot say, as I was totally unacquainted with the country before the establishment of our branches; but in Clonmel, for instance, there are a number of very wealthy people in trade; it is a place of considerable trade, and the trade there has not been created on a sudden; there are

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people there who have been long established in business; those people must have got their business done somewhere, and after the local banks in Clonmel and Waterford gave up, there were no notes, as far as I know, in circulation, except the notes of the bank of Ireland in that neighbourhood.

Can you inform the Committee what private banking companies have failed, and what have been discontinued since you first established a branch bank in the south of Ireland?—There are two: that of Messrs. Leslie, in Cork, which failed, and that of Mr. Pike, which was discontinued on his death.

Were there none in any other town excepting Cork?—In no other.

Was there none in Mallow?—No; there is a bank there, which still continues upon a very small scale.

Is there no private bank at Wexford?—There is a small bank at Wexford, which also still continues.

Are there any private banks at Limerick?—There are private discounters, but no banks who issue notes but ourselves.

Do they discount only in notes of the bank of Ireland?—They did, before our establishment.

How long had they been in existence, discounting bills in notes of the bank of Ireland?—A good many years; I believe the gentlemen engaged in that trade were men who had been established in the place for a long time.

Supposing you were compelled to discount in notes of the bank of Ireland, you would obtain no more profit upon the discounting than if you discounted in sovereigns?—None.

Then if those banks that exist in Limerick have discounted bills in notes of the bank of Ireland, and have made a sufficient profit upon that discount to induce them to continue in business, why do you apprehend that the obligation to discontinue the small-note circulation would prevent you from affording the same facilities?—Because those gentlemen charge commission, which we do not.

What is the amount of commission which they charge?—I cannot tell, but I have heard the people in Limerick and in Galway, and in other places where we have established branches, say, that to obtain money costs them ten, twelve and fifteen per cent.

What is the amount of interest directly charged?—Six per cent was the charge for interest, and they had commissions of various kinds to pay.

Do they charge that now?—I presume they charge the same still.

Was there any limitation as to the length that the bills they discounted had to run?—I do not know as to that.

Supposing a bill of 500*l.* were discounted by one of those banks, having three months to run, a charge of six per cent was made?—Six per cent was the legal rate of interest at which they discounted.

What commission have you heard of being charged upon the discount of such a bill?—I cannot answer that, but I mention this from the information of merchants in those places.

How could there be a commission charged that would make the whole amount of interest to go to such an extent as fifteen per cent?—That was when they had to negotiate their bills in Dublin; I have been told, that in Limerick a private banker would have taken your bill at sixty-one days, and given you his at sixty-one days, and charged you interest for it, giving you his bill payable in Dublin, and having the same currency as the bill you discounted with him; here was a charge of twelve per cent, in addition to which the party had to pay stamps, postages and a commission in Dublin before he could turn into money the bill which he received for his own.

Can you state generally the items that would run up the interest, not to fifteen per cent, but to twelve per cent?—Perhaps I may not have been rightly understood; I mean in those places where the parties had to deal with Dublin; to send to Dublin to discount their bills.

You say there were private banking companies in existence at Limerick who made their profit by discounting the bills of Limerick merchants, and that although they charged only six per cent nominally for the interest upon that discount, the total charge to the merchant amounted to fifteen per cent in some cases; in what way did it amount to that?—I do not mean to say so with regard to the discounts made by those private discounters in Limerick, I meant to apply it to cases where the party had to deal with Dublin.

The question is confined to the case of a Limerick merchant discounting with his

his Limerick banker, what do you conceive was the amount of interest charged upon such a discount?—Six per cent.

Was there any other charge?—They charged commission, but to what amount I do not know.

Would the commission amount to more than one per cent additional?—I do not know that it would; if they discounted a bill for three months, and that was renewed four times in the course of a year, and charged a half per cent each time, and this is considered a moderate charge, even in London, that would amount to two per cent, that would make eight per cent in the whole; if the bills were at two months, which was generally the case, this would repeat the commission six times in the year, and at the same rate of one half per cent would, with the legal interest, make the interest for a year nine per cent.

Do those private banks in Limerick go on discounting now?—I believe they do; they are not properly called banks, they are called discounters of bills.

Are there such discounters in Limerick now?—There are.

Notwithstanding the establishment of your branch?—Yes.

How can they, who charge six per cent upon the discount and commission besides, maintain a competition with you who charge only five per cent interest without any other charge?—They do not get the best of the bills, I should suppose.

Do you suppose that they run a greater risk than you do in discounting paper?—Yes.

Has the establishment of your branch withdrawn from them all the good paper?—It certainly must have taken a great part of it, for no man who can get a bill discounted at a public bank without any commission, is likely to go to a private banker and to pay a commission in addition to the interest.

Do you refuse bills that have more than three months to run?—That is the rule; but there is no rule to which there may not be some reason for making an exception occasionally; but our local managers have no power to discount bills beyond three months.

Has the local manager power to make an exception without a reference to the superior board in London?—No.

In no case whatever?—I do not know that there is no case in which a bill may not be taken that has a month more to run; but it is not made part of the business to discount bills which have more than three months to run.

May the local directors of the branch banks themselves open an account with the branch?—Not without it being approved by the board in London.

In point of fact, do they?—They do not.

In no case whatever?—Not without an application to the London board.

Has application been made to do so, and has that application been granted?—They discount bills; but I think there is no instance of any of them having an account of the nature which I explained before of a cash credit.

Have the local directors, upon a reference being made to the board in London, either discounted bills with the banks of which they are directors, or opened a cash credit?—I think there is no instance of any cash credit being opened by any one of our local directors, but at all the places where the gentlemen are engaged in trade, they do that business with us which they formerly did with any other bank.

The local directors do in point of fact discount their bills with the banks of which they are directors?—If any gentleman who is a member of a local board wants any bills discounted, his bills are given in and judged of by the rest, in the same manner as the bills of any other neutral party would be judged of.

He retiring when his own bill is judged of?—Yes.

But he sits to judge upon the bill of another director who may wish for the same facility?—That may be the case.

Is there a secretary to each branch?—There is a manager and an accountant, those are the two principal officers at each branch.

Are they paid officers?—They are.

By whom are they appointed?—By the board at London.

Are they recommended by the local managers?—In no instance.

Are they, generally speaking, Irishmen or Scotchmen?—They are either English or Scotch, in no case are they Irishmen.

What is the particular duty of the local directors?—To assist by their local knowledge the manager, and to judge of the bills that are offered for discount.

Supposing there is a difference of opinion, can the manager act without the consent of the local board?—No; if the manager is not of opinion with the local

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board, in a case in which a difference of opinion arises, the matter must be submitted to the board in London.

The manager has a veto upon every act of the board?—Yes; if he sees that it is in his opinion inconsistent with the good of the bank to do any one act, he has it in his power to prevent it.

Has the local board power to represent the misconduct of a manager?—Certainly.

Have they power to suspend him at their own pleasure?—No.

They only have power to make a representation to the board in London?—Yes.

How are the local directors selected?—They have been selected by the board in London, according to the best information they could obtain as to the gentlemen that were most likely to be useful in any particular district; there have been two deputations sent for that purpose to Ireland.

Is there any limit upon their number?—The highest number we have is five, and the lowest is three.

Is five the greatest number which by the regulations there can be?—There is no particular regulation upon the subject.

But five is the highest number of local directors that there is?—Yes.

Do the local directors receive any thing for their attendance?—They do.

In what way is the payment made to them?—There is a certain sum allotted to the board, according to its magnitude and the degree of attendance supposed to be required, which is divided among the local directors.

Is there a fixed salary allotted to each?—They divide the sum allowed according to their actual attendance.

What constitutes attendance?—Either every day, as is the case in some of the branches, or certain days of the week; they must attend at the hour when the bills are ordered to be given in for discount on each day.

Is there any limitation on the amount of the sum which can be divided among the local directors?—That is fixed by the board at London; they allow a certain sum to each particular branch, to be divided amongst them.

What is the regulation made with respect to the sum to be divided among the local directors?—There is no particular regulation; the board at London judge according to the magnitude of the place, and the relative importance of the branch, whether it shall be more or less.

Must the local directors have shares in the bank?—They must each hold ten shares as a qualification.

Does not the profit of the bank depend upon the amount of bank-note circulation that you keep up?—That is one most important item in the profit.

In point of fact, in those towns in which there is a branch bank established, do the local directors receive facilities of discount from the branch which they superintend?—Their bills are not rejected because they are local directors, certainly.

Practically, do the local directors in all cases offer their bills to the bank for discount?—Where they are engaged in trade the bank expects they will do their business with the bank.

Do you apprehend that the payment of a salary was necessary to induce them to become directors?—It is found in most societies of that kind, to insure punctuality of attendance.

Is that the practice in private establishments?—The bank of England pay their directors, the East India Company pay their directors, and the insurance companies all pay their directors; but of course the bank can have no wish to withhold from the Committee information of what the directors receive. All I would wish to state is, that it is not considered to be of that amount as to be an object to the gentlemen who usually act in that capacity. It has been the object of the bank to select gentlemen as independent in their circumstances as possible.

Are the local directors generally merchants or men engaged in business in the town in which the bank is situated?—We have them in almost every branch.

Has any failure taken place amongst the local directors of the different branches?—None that I know of.

Have any failures taken place among the connections of those individuals who form the local board of direction, among their correspondents in different places?—Not particularly that I know of. The allusion may probably be to the failure of the banking house of Sir John Perring and Company, of which firm Mr. Shaw, of

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of the house of Jordaine and Shaw (who were the correspondents of some of the houses connected with our establishment in Ireland) was a partner; but the house of Jordaine and Shaw are solvent, and, so far as I know, no person whatever connected with our bank has lost any thing by the failure of Perring and Co.

What is the check upon the issues, as the local directors, having shares in the bank, have a manifest interest in increasing as far as possible the issues made by the bank?—They have an interest in promoting the true interests of the bank.

Have they not an interest in increasing the issues of bank-note paper?—An increase in the amount of issues merely, is no criterion of the interest of the bank being promoted.

Are not issues upon discount, upon which five per cent is received, a criterion of the profits of the bank, provided the parties to whom they are issued be solvent?—If those issues remain out, if the notes do not come back immediately upon the bank; it is not the mere paying of notes over the counter that produces profit to the bank.

Do you find that the obligation to pay in gold is a check upon the issues?—It certainly is.

Is gold frequently demanded?—Of late, in the south of Ireland: at Cork, owing to the failure of Messrs. Leslie and the stoppage of Mr. Pike's bank, by his death a panic was created amongst the people, which caused a very considerable run upon our bank.

Has there been a demand for gold, in exchange for your bank-note paper, at any other place than Cork?—Nothing in that way at all; we are always paying out and receiving in gold at every place.

You have issued gold partly in discounting bills, probably?—No: people come with our notes and ask payment in gold, and they get it; they do that currently at every place, and in some places to a considerable extent.

For what purpose do they ask for gold?—Some for the purpose of taking it over to this country; there is at present an emigration going on to America, which has occasioned a considerable demand for gold; and other people ask for it for the purpose of hoarding it.

Are notes issued at Cork payable in gold at Clonmel?—No, only at the place of issue.

So that you always know the amount for which you are liable at each place?—Yes.

Do you issue any notes in this country?—No where, but at the places I have mentioned.

None at Dublin?—No, we have not the power to issue in Dublin; the notes may pass from hand to hand there, but we can neither have an office of our own to issue them, nor employ any agent to do so in Dublin.

Has the company made application to individuals, in any particular place where they established a branch bank, to become directors, who have declined becoming directors?—Yes: in every case we obtained lists of the persons who were considered to be most eligible, and it was the object of the deputations who went over to see those gentlemen, and to inquire whether they were disposed to be directors.

Are there many applications to be directors?—There have been a good many.

But many who have been applied to, have refused to become directors?—Not many.

Does the circumstance of a person being a local director, give any superior facility to him for obtaining the discount of bills?—I am not aware that it does.

Can you state what amount of gold is paid into the bank, in proportion to that which the bank pay in exchange for their notes?—Very small.

Supposing a deposit was made with you in bank of Ireland notes, would you refuse to receive that deposit?—No, we constantly receive them.

Supposing on the next day an application were made to you to discount a bill, should you issue those bank of Ireland notes in the discount of that bill?—No; we issue our own.

What do you do with the bank of Ireland notes?—We exchange them, or get payment for them by sending them to Dublin; we exchange them in Cork and in Clonmel, and in Belfast and Londonderry, wherever the bank of Ireland has a branch a regular exchange takes place; their agents and our managers send alternately to each other's office to make the exchanges.

Does that take place on some particular day of the week?—Every day in the week; they exchange notes daily, and settle the balances by an order upon Dublin;

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if we have 5,000*l.* against the bank of Ireland that is paid to our agent in Dublin; if they have a balance against us, they get payment in the same way from our agent in Dublin.

Has the bank of Ireland local directors for its branch banks?—No, they have two agents generally; they have two persons united in the agency.

Do they pay in gold at their branches?—No.

Do you know that the branches of the Bank of Ireland have been applied to for payment in gold and that they have refused?—Yes.

Have there been any proceedings taken in consequence of that?—At one time there was a protest taken of their notes of which payment in gold had been refused.

Do you attribute the alteration in the form of the bank of Ireland notes lately made to that transaction?—I do.

Supposing you were allowed to charge seven per cent interest instead of six, do you think you would have any difficulty in carrying on your transactions, although you were prohibited from issuing notes under five pounds?—We have in no instance charged more than five.

Suppose the usury laws were done away with, and there was no fixed rate of interest by law, do you apprehend you would have any difficulty in discounting bills?—I believe the bank could make a profit, but I think they would not have the same power of accommodating the country.

Would not your power continue to be the same as long as your capital was the same?—No.

Supposing you were allowed to issue notes as low as three pounds, but none under three pounds, do you apprehend that you would find any material difficulty in conducting the transactions of the Provincial Bank Company?—I think there would; I think the difficulties attending the constant transport of specie backwards and forwards, and the cost of it, would be so great as very much to cramp the business.

Do you practically find any such difficulty in transporting specie to all the different branches you have established?—That is done in a large sum only for once; but there would be a constant business of it.

Why would that be necessary?—It would travel from one place to another; the issues at one branch for instance we should have to replace very speedily.

A gold circulation having been once supplied to the country, where would be the necessity for this constant transfer from one bank to another?—I conceive that necessity would still be very great, and that the expense of it would be such as to prevent the bank giving the accommodation to the country which it now does.

You would lose the profit you now gain upon the issue of one and two-pound notes, or any note below three pounds, would there be any difference whatever beyond the loss of profit upon the issue of notes below three pounds?—There would be the trouble and inconvenience of these frequent transmissions, and the expense attending them, with an actual diminution of the profit which now attends the circulation of small notes.

Have you not considerable dealings in which silver is necessary?—There is plenty of silver in some places; we find it increasing considerably beyond the desirable amount.

Do you keep silver for the purpose of paying demands upon you below 40*s.* in silver?—We conceive we are entitled by law to pay every small note in silver, but whenever gold is asked we give it.

What difficulty can there be in transporting such a sum as twenty thousand pounds in gold but the expense of the chaise which takes it?—If it were only one transport of twenty thousand pounds, which was not to take place for six or nine months again, that would not be any great evil; but I apprehend it would be something very different, and that, in fact, to the people it would be a very great evil, by obliging them to carry money from great distances, as they do come from great distances to the markets, and it would be very unsafe and troublesome and inconvenient to them in every way if they had to carry sums of gold the distance of twenty, thirty and forty miles.

You are speaking now of the people who traffic at the markets?—Yes.

But you say that the general average of the dealings does not amount to more than two or three pounds; if they amounted to five pounds they would be allowed to employ five-pound notes; where could be the inconvenience to a man who has to travel thirty or forty miles to carry two or three sovereigns?— They can do it, but
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it is not so safe, because in such a country as Ireland they do not like to let their money be seen.

Is not he equally liable to robbery if he has notes?—The notes are cut into halves, and sent by different conveyances, which is a very general practice.

In the case of a man coming to market to buy a pig or a barrel of flour, is it usual to cut the note in half?—No; but when I speak of persons attending markets, it is where buyers attend markets who have to carry large sums with them in order to make their purchases in those markets, which are of course all made in ready money; that buyer must be provided with three, four or five hundred pounds in order to make his purchases.

Is he so provided at present?—He is, speaking of Ireland generally; but in the north the bankers have been in the habit of sending agents to the linen markets with notes to supply the buyers, in exchange for bills, which they pass according to the amount of their purchases on their employers in Belfast, Dublin or elsewhere.

What portion of the sum of five hundred pounds so brought by the dealer to the market consists of notes above five pounds?—Scarcely any, I believe.

Why might not a large proportion of it consist of notes above five pounds?—Because he must buy from this one and that one, who has only one, two and three pounds worth to sell; he could not effect his object without small notes.

Supposing, for instance, a linen buyer offers to purchase a web from a weaver, the price of which should be thirty shillings, and the people of the country generally knew that the small notes under three pounds were to be out of circulation, do you think the weaver would not be disposed to give change in specie for a three-pound note?—No.

Do you apprehend that any man who had 1*l.* 10*s.* in specie, and had an article to sell in the market worth 1*l.* 10*s.* would refuse to sell it for one of your three-pound notes because he had to give 1*l.* 10*s.* in exchange?—Many of them have a great disposition to hoard the gold, and they do not like to part with it after they have got it.

Will they hoard their gold in preference to selling their manufacture?—A man cannot keep both his linen and his gold, and if it can only be sold upon those terms, he must do so.

Excepting in Cork, where there has been a sudden panic from the failure of the bank in Cork, is there that disposition to hoard gold in Ireland, that you find any difficulty in maintaining an adequate supply of gold at the different branches?—I think there seems to be a disposition to hoard gold in other places; I think there is a demand for it, which is not accounted for in any other way.

Do you consider that it will be a permanent part of the Irish character to hoard the gold?—The country has been so frequently disturbed, that when any thing apprehended, of course gold is a thing that they consider will stand them best.

Supposing you should happen to have issued more notes than were required for the circulation of any district, what effect would that have upon your supply of gold?—If we issue more than should be issued they instantly come back to us; we are obliged to pay them.

Then may not the demand for gold in the cases you mention have arisen from there having been an over issue of your notes?—It does not follow, because the country people may want to hoard it.

Do you apprehend that you can by any possibility make an over issue of notes?—As long as we are obliged to pay them in gold, and have to exchange them as we do, I think that checks it.

May not this demand for gold have been the operation of this natural check that you suppose to exist?—We use the utmost precaution in issuing our notes; we do not issue them except in the first place upon proper security; and in the next place, as far as it is in our power to judge that the issues are wanted for the real transactions of the country, and will be fairly used.

Do you apprehend there could be any over issue of notes provided you were satisfied that the parties who applied for the notes were perfectly solvent, and that they meant to apply them in what you call projects really useful to the country?—As long as we are obliged to pay our notes, if there has been more issued than is wanted for the circulation of the place, it instantly comes back in a demand either for a bill upon London or Dublin, or somewhere else.

And there has been that demand?—It is the natural operation of the thing.

You say there have been instances in which you have found the demand an inconvenient one?—I did not intend to say that, except in the instance of the run

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upon Cork, which we did not consider a convenient thing; in some other instances there is a considerable demand going on, some coming back and some going out.

If there was a demand for gold, arising not from any real panic, but merely from a disposition to hoard the gold, should not you consider that an inconvenient demand for gold?—We consider that we must keep up a supply to a certain extent of our issues, the practice points out what that is; we lay our account with the demand always existing; we do not suppose that when the notes go out they are to stay out always.

You say there is a great disposition on the part of the Irish people to hoard gold; has that led to any inconvenient demand for gold upon you for the purpose of hoarding it?—It is a constant sort of demand; I do not say that it is an actual inconvenience, because we must provide always a considerable sum at each branch.

How do you know that the demand arises from a disposition to hoard gold?—We know generally from information in the country, in the neighbourhood of Cork, that that disposition has been excited in that quarter of late, in consequence of the panic that took place at Cork, and because it neither appears in general circulation, nor comes back to the bank, but in very small quantities.

Did that panic extend to Belfast?—No.

Did that panic extend to Londonderry?—No.

Did it extend to Wexford?—No, we had just begun there then.

Did it extend to Sligo?—No, the panic has not extended any where but at Cork.

Was there immediately after the panic existing at Cork, an extra demand for gold at the different places that have been mentioned?—I think not, as connected with the panic at Cork; there has been a considerable demand at some places but without any symptom of panic: as it is made by those who hold only two or three notes, and as so little of the gold appears in circulation, we conclude it must be demanded for the purpose of hoarding.

Is gold paid into your bank?—Occasionally.

How do you account for the payment of gold into the bank, if there is a disposition to hoard gold?—However a man may wish to hoard, he must part with some of it sometimes.

Is the amount paid in very small in proportion to the amount issued?—Very small indeed in proportion to the amount issued.

Supposing there were no notes below three pounds in circulation, do not you apprehend that the gold which is now circulated would make its appearance in order to conduct the ordinary transactions of the country?—To a certain degree; if there were no notes in circulation under three pounds, the void must be supplied by something else.

Do you find any disposition to hoard silver?—We do not perceive it, for we find silver growing in quantity; in some places it has gone away, but generally speaking it is the reverse.

You do not find any disposition to hoard silver?—Judging from that, I should say we do not.

If you are allowed to issue notes below one pound, five-shillings notes for instance, do not you think there would be a tendency in the silver to disappear?—I do not see how that should cause it.

In those parts of the country where twenty-five shilling notes are issued, has the tendency of the silver to disappear been more visible than in other parts of the country?—No, we do not find any want of it; it is only at one place where there has been any demand for silver, and we have not issued twenty-five shilling notes there.

Where is that?—At Clonmel; and I cannot say by what it has been occasioned.

Had Clonmel received what was thought an adequate supply of silver?—Yes; when we found it increased greatly at other places, we found it decreased there.

Was not Clonmel a town where both the bank of Ireland and the Provincial Bank established a branch?—It was well known we were going to establish a branch there for a long time; the bank of Ireland established a branch there.

There being no branch existing at Clonmel, both the bank of Ireland and the Provincial Bank concurrently established a branch?—They were before us.

Within what period were the two branches established?—Several months I think.

There are now two branches there?—There are.

Two years ago there was no bank at all there?—No; the bank of Ryall which had been established there had ceased.

Do

Do you issue thirty-shilling notes?—Yes.

What notes do the bank of Ireland issue?—They have more variety than we have.

What variety has the bank of Ireland, have they twenty-five shilling notes?—I think they have.

Then it is very easy to conduct the commercial transactions of the country by notes alone, for every payment amounting to five shillings may be made in notes; for instance, by the exchange of a bank of Ireland twenty-five shilling note for one of your thirty-shilling notes, a payment of five shillings can be effected?—Such an exchange would undoubtedly produce such an effect.

And therefore, *pro tanto*, the necessity for having a silver circulation was diminished?—Yes; but that could not apply to all transactions, Clonmel is the only place where we find a demand for silver.

Was that after Clonmel had been supplied with silver?—After they had got the supply, we found adequate in other places.

Was silver sent to Clonmel of the new coinage in the same quantities in which it was sent to the other parts of the country?—I do not know as to that fact; it was sent to the bank of Ireland's agents in towns where they were established. I do not know the relative quantities sent; we have not found a demand for it in any other place.

In no other part of Ireland did you hear of any complaint of a want of a silver currency?—No.

Nor perceived any considerable disposition to hoard it?—No; I do not know whether it is owing to a disposition to hoard it in Clonmel.

When you discount the bill of a merchant at Clonmel, how do you receive payment at the time when the bill is due?—If it is payable at Clonmel, he can pay it in the notes that are current, either bank of Ireland notes, or our notes, or if he has gold, he would pay it.

Practically, are you not in the habit of receiving your own notes back again frequently upon such payments?—Undoubtedly.

Do you receive your own notes of one and two pounds often upon those occasions?—Often, certainly; because they are the general issue, and come back to us in ordinary transactions.

Then if, instead of issuing one and two-pound notes when you discount those bills, you were in the habit of issuing gold, supposing there were no one-pound notes in existence, would not the gold come back to you just in the same way as the one and two-pound notes come back to you?—In a great proportion it would. A man that has a bill to pay, must pay it in such currency as he can command.

Then if the gold came back to you in the same proportion in which the one and two-pound notes now come back to you, how would you incur the expense you apprehend of a constant transport of gold from one place to another, supposing the one and two-pound notes were abolished?—If it did so, undoubtedly we should not, if it came in the same proportion.

Why should it not?—I do not say that it would not, if the country were supplied with it in the same degree as it is now supplied with small notes; that has not been tried.

Assuming that the place of the existing one and two-pound notes should be supplied with gold, and therefore that all the transactions which now take place in one and two-pound notes would then take place in gold, in that case would you be put to the expense you fear of paying for the constant transport of gold?—No.

In the case of an over issue, you state that your one-pound notes come back upon you rapidly?—Any notes whatever will come back in case of an over issue.

Supposing the place of every one-pound note was supplied by a sovereign, why should not the sovereigns come back to you in the same proportion in which the one-pound notes now come back to you in the case of an over issue?—I do not say they would not; but in fact the larger notes come back, and the one-pound notes do not, that is the fact at present.

Supposing there was a sovereign put into circulation for every one-pound note that is now in circulation, would not the sovereigns come back to you in the same proportion in which the one-pound notes now come back to you upon the same transactions?—Yes.

Do you know whether there are many counterfeit sovereigns in circulation in Ireland?—I have not the means of knowing that.

Do you believe that there are?—I cannot say; I have met with them, but not very frequently; there is a good deal of counterfeit silver.

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Mr.
James Marshall.

(12 April.)

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Mr.
James Marshall.
(12 April.)

Have you had many forgeries of notes of the Provincial Bank?—None.

Have you known many sovereigns rejected by the bank on account of their being light in weight?—Not to any great degree that I know of.

As gold will lose its weight by constant removal from place to place, as well as by being in constant circulation, will not the necessity of frequently reweighing it be attended with inconvenience to the public?—It retards business very much.

Are there many half sovereigns in circulation in Ireland?—I have seen very few indeed.

Is there a greater difficulty in keeping the half sovereigns in circulation than the sovereigns?—I have had so few opportunities of making observation upon that point that I cannot speak as to it.

You have been asked with reference to the extent of the power the local directors have of discounting bills, are not they supplied with stamped notes by orders from the controlling board here?—Yes, they are all sent from London.

Then they cannot receive, of course, at any time but the quantum of notes sent to them?—The notes are prepared in London and sent to Dublin to be stamped, according as a supply is wanted by the agents.

If the Committee were furnished with the amount of the small-note circulation of the bank of Ireland, and of the provincial bank in Connaught and Munster, would not they then be informed of nearly the total amount of the small note circulation in those two provinces?—There are the notes of Pyke and of Leslie's banks; I do not know to what extent these notes are out yet, and there is the Mallow Bank and the Wexford Bank: those are the whole to the south of Dublin.

Is there any bank at Cork now that issues notes?—No; but the Mallow Bank, which is sixteen miles from Cork, does in fact issue them by means of a correspondent in Cork.

Do any of the Dublin banks push their notes into Munster or Connaught?—I am not aware that they do so particularly.

John Holmes Houston, Esq. called in; and Examined.

J. H. Houston,
Esq.

YOU are connected with the Belfast Bank?—I am.

When was that bank established?—In 1808.

You are not connected with any bank established under the act of last session?—I am not.

There was one Belfast Bank that was merged in the bank established under the act of last session?—There was.

What was the name of that bank?—It was called the Northern Bank, and now it is called the Northern Banking Company.

Do you know the number of partners that that consists of?—I have heard sixty.

How many partners does the bank with which you are connected consist?—Three now; it was four originally. With respect to the Belfast Bank, I should mention that the original Belfast Bank was established in 1784, in which a relative of mine was principally concerned and three other gentlemen. At that time they deposited a capital of 10,000*l.* each, before bank-notes were in circulation; they carried on business till the year 1798, and they issued notes payable in gold, and the very utmost extent of their issue did not exceed 30,000*l.*; very seldom so much; it was generally from 20,000*l.* to 30,000*l.* They gave up business in the year 1798, at the time of the Rebellion, and although they charged six per cent discount on Belfast bills, and commission on Dublin bills and English bills, they retired, after having managed the business with great prudence and economy, without having made any thing beyond the interest for their capital. Then the Belfast Bank, of which I am a member, was established in the year 1808, after bank-notes became the circulating medium of the country, and we carried on business in a much more extensive manner than the former bank, issuing notes and paying in bank of Ireland notes.

How long have you resided at Belfast?—I have resided there since the year 1782 or 1783; in fact I am a native of Belfast; when I returned from school I went there.

Were you in any way connected with the bank which existed in 1784?—My uncle was the principal manager and director of the bank; I lived very much with him, and I knew a good deal about it; I was not in the bank myself.

What was the amount of notes issued by that bank?—It never exceeded 30,000*l.*

Did they issue five and ten pound-notes?—Very few; mostly small notes, guineas and pounds.

Do

Do you recollect the period when there was a gold circulation in the north of Ireland?—I do perfectly; at the time that I speak of there was nothing but gold circulated, except in the immediate vicinity of Belfast.

Was there an ample circulation of gold in the north of Ireland previous to the year 1797?—There was an ample circulation for the limited business that was then carried on.

There was sufficient for the business then carried on?—I think there was.

Was there any disposition to hoard gold visible before the Rebellion?—Yes; at that time the country people wished to hoard it, and after the war commenced there was a great demand for gold for export; the guineas were bought up at a premium of from 6*d.* to 2*s.* and 2*s.* 6*d.*

That was after the Bank restriction?—Yes.

What year are you referring to?—I cannot say the year exactly, but it was at different times during the French war.

Was it before or after the Bank restriction?—I suppose the very high premium was after the Bank restriction.

You have stated that in the year 1798, when the old Belfast Bank wound up its concerns and ceased to carry on the banking business, it had only a circulation altogether of 30,000*l.*; of what did the circulation of Belfast and all that part consist?—Gold.

Then gold could not have disappeared at that period?—It had not.

It was, then, later than 1798 that the progress of the war led to the gold being withdrawn?—It was.

Up to what time did the landlords of the north of Ireland insist upon having their rents paid in gold?—There were some landlords continued to insist upon it almost constantly.

Cannot you name the period when that ceased?—I could not exactly say the year it ceased in, but it was not generally insisted on, I think, for the last five or six years of the war.

Was not the practice of the north this—that the sellers of linen insisted upon being paid in gold in the markets, and all the landlords of the north insisted upon having their rents paid in gold, for several years after the Bank restriction?—Yes; I think they did.

That is, the currency of the north continued to be a gold currency for several years after the year 1797?—No; although they insisted upon payment in gold I do not think it was the currency of the country, because, for instance, on the day that the agent went into a particular town to meet the tenants to receive the rents, he said, "You must bring me gold;" some shopkeeper in the town might have a great number of guineas, probably he would have two or three or four or five hundred pounds worth of guineas; the country people were then obliged to go and buy those guineas from the shopkeeper, and carry them to the agent to pay the rents; and as soon as that was done the guineas were carried by a back door to the same shopkeeper, and sold and brought out again on the next occasion which required them.

Although the bank at the time of winding up its concerns had made no profit, probably the partners in the bank had made a profit annually which they had expended?—No, they had not; they were all men of business; they carried on their business without any agent; they had no stamp to pay for their notes, and I know very well that they did not make more than interest of their money, because they told me so.

Did they annually divide the profits of the year among themselves?—They did; but the profit of the whole firm did not exceed, upon the average, the interest of the capital.

Not including what they had expended annually?—It was merely the interest of 40,000*l.* at six per cent.

At the period when there was a gold circulation in the north of Ireland, did not the circulation in the south of Ireland consist chiefly of paper?—I have been told so.

About the year 1798?—Yes.

From the opportunities you had of comparing the state of the north of Ireland at that time with that of the south, do you apprehend it was less flourishing than the south of Ireland?—We always conceived that the north of Ireland was much more industrious than the south, and that the people lived better and made more money, and were more comfortable in every respect.

You do not think that the possession of a gold circulation in the north of Ireland at all depressed that part of the country, as compared with the south, which

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enjoyed a paper circulation?—By no means; because we had enough at that time to circulate for the limited trade we then had; but at present the trade is so much extended that I should imagine we could not procure a sufficient quantity of gold to circulate in lieu of notes.

If you had a supply of gold circulation, bearing the same proportion to the commercial transactions of the north of Ireland, that the supply of the gold circulation in 1790 bore to the commercial transactions at that time, do you apprehend there would be in that case any more difficulty in conducting the commercial transactions of the country now than there was then?—Not as long as it remained, but it would be very uncertain; I should fear that it would be hoarded up by the country people, and if the foreign exchange was against the country it might be bought up to be exported, and it might disappear.

Why was it not sent off from the north of Ireland previously to 1797?—It was not the interest of the people to send it till it bore a premium; when it bore a premium it was bought up and sent off.

When did it begin to disappear?—Some time after the commencement of the war.

When was the bank with which you are now connected established?—In 1808.

Has it continued ever since?—Yes.

It is not united with the Northern Bank?—No.

What branches has your bank established?—We have seven or eight agencies, not branches, in different parts of the country, to whom we send money, and they discount bills at their own risk; they make us remittances in bills, and they charge us a commission; but we have no branches connected with us.

Do those agents receive a salary?—No, they charge a commission; we do not pay a salary to any agent; they are all responsible for the bills they take; they charge commission upon the bills.

Is there any limitation as to the length of time the bills you discount have to run?—There is; they very seldom exceed sixty-one days; there are some particular exceptions possibly.

Supposing an agent, at his own risk, discounted a bill that had six months to run, informing you that he did it at his own risk, should you make any objection?—We should; we should probably send it back to him again.

At what towns are those agents situated?—We have an agent at Derry, an agent in Armagh, an agent in Bannbridge, an agent in Newry, an agent in Ballymenagh, an agent in Coleraine, and we have an agent in two other places.

When were those agents established?—A good number of years ago; very soon after the establishment of the bank; we found it to our advantage to establish agents.

Have you increased the number of them lately?—I do not think we have for two or three years.

How long have you had one at Derry?—I suppose twelve or fifteen years, or more; Mr. Smith, I think, was one of our first agents.

Has the bank of Ireland a regular establishment at Derry?—I think they have.

Has the Provincial Bank a branch establishment there?—They have.

Has the establishment of the branch of the Provincial Bank at Derry lessened the business done by your agent at Derry?—It has; the establishment of any other bank of course would lessen it.

Has it made any alteration in the mode of transacting your business by your agent?—Not any.

You have not widened his discretion at all as to the bills he may discount?—Not at all.

At what rate of interest does your agent discount?—At five per cent; it was first six per cent, and then it was five; then it was reduced to four, when the bank of Ireland reduced it to four, and latterly the bank of Ireland raised it again to five, and we followed their example.

Do you receive any deposits at Belfast?—We do.

What interest do you allow upon those deposits?—We allowed two per cent, and now we allow three.

Are the agents allowed to take deposits?—They are not.

They have nothing to do with deposits?—No.

Do they issue notes in any other way, except in the discount of bills?—In no other way.

At the principal seat of the bank at Belfast do you give cash credits?—No.

The

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The only way in which you issue notes, either at Belfast or at any of the towns where you have an agent, is by the discount of bills?—Yes, we keep accounts with a great number of merchants; and if a merchant sends in bills to the amount of 1,000*l.*, he desires them to be discounted and brought to his credit, and then he draws checks at sight upon us till the 1,000*l.* is drawn for.

Supposing that upon an account of that kind there is a balance of 200*l.* in your hands, do you allow him interest upon that balance?—Not any, if he had ten thousand.

What is the description of notes you issue?—Since the assimilation of the currency we have not issued any thing higher than two guineas; we have notes of one pound, one guinea, one pound five, thirty shillings, a guinea and a half, two pounds, and two guineas.

Is that division of sums adopted with a view of affording accommodation to the public?—To the manufacturers, the linen trade, and the cotton trade, and so forth.

Do you find that the having them divided in that way lessens the necessity for keeping up a large silver circulation?—There is no silver circulation, except merely under a pound; silver is not too abundant.

Do not your notes enable the parties to discharge a debt for a shilling?—Yes, it is a great accommodation to the manufacturers, certainly.

Where are the notes issued by the agent at Derry payable?—All payable in Dublin.

Are they payable in gold, or in bank of Ireland notes?—There is no mention made of what they are payable in, but of course it is the same to us whether they are payable in gold or bank of Ireland notes.

Supposing a party presented a one-pound note and demanded the payment of a sovereign at Belfast, demanding it as a right to try the question, do not you conceive that you are under a legal obligation to pay him a sovereign?—I should think so.

Do you mean at Dublin or at Belfast?—I should think even at Belfast; if he demanded it as a right we would not refuse, although it would be very inconvenient to keep a capital at both Dublin and Belfast; we could not do it.

Are you under an obligation to pay your notes in gold in Dublin?—Either in gold or bank of Ireland notes.

If a man presented one of your notes in Dublin and demanded a sovereign, would he receive a sovereign?—Then of course we must give it to him; it makes no difference to us whether he demands it in notes or in gold, because the bank of Ireland must pay in gold.

Have you had any forgeries of your notes?—Very few, I have seen some, but not many.

Then you never did issue any notes, specifying upon the face of the note that it was payable in the paper of the bank of Ireland?—I do not think we did, and yet I had an impression that at one time we did so as a precautionary measure; but I find upon inquiring at the engraver's here that I was mistaken.

Do you find, in point of fact, that payments for very small sums of 5*s.* or 7*s.* 6*d.* and payments of that kind, are actually made by the exchange of your notes?—They are.

You think that is a great accommodation to the public?—Very great.

Do you apprehend that the consequence of that will be that a much smaller amount of silver circulation will be necessary than would otherwise be necessary?—Of course.

Is there a complaint of a want of silver circulation in the country?—I do not think there is; I think there is just sufficient, but nothing redundant.

Do you think there would be enough, provided your notes were not made of such broken amounts?—I think it would require rather more, but all the notes issued by private banks are of the same description.

What proportion does your circulation below 5*l.* bear to the circulation above 5*l.*?—We do not circulate a single note above two guineas; we tried the circulation of four-pound, eight-pound, and twenty-pound notes, and we found that they would not pay for the stamp; for they never remained out any time, they were taken up by the shopkeepers and the different persons that wished to make remittances to Dublin; they never remained out in circulation, and we did not find that any note above two guineas either served the country as a circulating medium, or would answer to the bank.

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Sometimes you find your notes returned upon you much quicker than at other times?—Yes.

To what do you attribute that circumstance?—There are a variety of causes; alarms will take place occasionally in every country where bank paper circulates; the slightest thing will create an alarm, and the country people come in and send their notes forward in great numbers for a week or ten days probably.

When they send them in do they ask for bank of Ireland notes, or gold?—They never get gold; they might get gold if they choose to send the notes up to Dublin, where they are payable.

The common people do not send them to Dublin, do they?—No, but they go to the shopkeepers and request they will exchange them either for bank of Ireland notes or other notes that they conceive more valuable; such alarms have taken place frequently, and our agents at those times are supplied with the bank of Ireland paper in large quantities; and to any one that comes to them with notes they give bank of Ireland paper for them, and then the alarm has always gone off in a day or two.

Has the amount of the circulation of the Belfast Bank increased of late?—This year it has diminished very much since the assimilation of the currency, and since the discussion on the question in Parliament; but I do not attribute it altogether to that, but a great deal to the state of the country, the mercantile difficulties that have existed.

There has probably been an increase in the amount of the circulation since the establishment of the Provincial Bank?—The Provincial Bank has been so short a time established that that could not make much difference, but the Northern Banking Company have extended themselves very much, and I suppose they have more in circulation than we have, although it is probable we had more than any other bank for many years.

At what towns has the Northern Bank branches?—I believe they have agents in nearly the same towns that we have.

Have any banks in the north of Ireland been discontinued since the establishment of the Northern Bank and the Provincial Bank, except the Belfast Bank that was merged in the Northern Bank?—No; but prior to that time, about the year 1816, the Newry Bank. In my recollection there never were more at any one period than five banks to the north of Dublin, and three of those were in Belfast, one in Newry and one in Lurgan; the Lurgan Bank wound up their affairs and discontinued business, the Newry Bank failed, and the Belfast banks remain still, only with the change of the Northern Bank into the Northern Banking Company.

When those banks existed, how was the circulation of Donegal and Tyrone supplied?—A good deal with bank of Ireland notes, and the Belfast banks, also those of Messrs. Ball and Co.

How many banks are there now in existence to the north of Dublin?—There are five in Belfast, I believe; there are three banks in Belfast, and a branch of the bank of Ireland, and a branch of the Provincial Bank.

Are those the only banks in the province of Ulster?—Yes.

All your notes are made payable in Dublin only?—Yes.

In point of fact, are you in the practice of exchanging your notes for bank of Ireland notes or sovereigns for any person who brings those notes to you?—For individuals; if country people come in and say that their landlord wishes a bank of Ireland note, we give it to them; but if a person brings in a large bundle, we say, they are payable in Dublin, and we do not of course keep a second capital to pay them here.

Then in point of fact at those periods when the circulation is considerably contracted by some alarm, you would decline paying any mass of notes that might be presented at Belfast?—We would, because we must keep a capital where the notes are paid; the business would not be worth following if we were obliged to keep a capital in two places.

Why should not you keep a capital in Belfast?—Then we should not make them payable in Dublin; and if they were not made payable in Dublin, they would not circulate over so wide a country.

Is there any system of exchange of notes between your bank and other banks?—Yes, every second morning we send to the other banks what notes we have of theirs; and if that exceeds what they have of ours, they give us a draught upon their agent in Dublin, at sight, for the balance, and *vice versa* we do the same.

What would be the effect upon your banking establishment of a law that should prevent

prevent you from issuing any notes under 5 *l.*?—We would probably discontinue the bank immediately.

Would a law, which prevented you from issuing any notes under 3 *l.* have the same effect?—It would not reduce the business so much; our business has been profitable in consequence of the circulation.

You issue no notes at present to the amount of 3 *l.*?—We do not; if we were not permitted to issue any below 3 *l.* the circulation would be very limited indeed compared with what it is, for the small notes go in payment of yarn and butter and linen cloth, and large notes would not answer for the purpose of general circulation in the country. It requires a very great circulation to pay the expenses of our establishment, the expenses are about 10,000 *l.* a year; and therefore it would require about 200,000 *l.* to circulate in order to pay the expenses of it, so that if we were limited to notes of 3 *l.* we could not carry on the business in the same way in which we do now,

Do you ever lend money upon mortgage?—Never, we look upon that as quite foreign to the business of a banker.

Do the issues bear any fixed proportion to the amount of deposits?—Not to the amount of deposits, it is only limited by our own discretion, and what we conceive we can meet at any time; we must always take care to be prepared to meet any run that might take place, and there have been some very sharp runs upon us at different times, in consequence of the failure of other banks.

You have eight agents established in different parts of the country?—Yes.

Is there any maximum of issue which each of those agents cannot exceed?—They are regulated every week; we send them what money we think proper every week, and if we find at any time that money is likely to be scarce we tell them they must limit their discounts; they must do so much less.

Do you make a remittance in notes each week to the agents?—Yes, we send them exactly the amount we wish them to discount.

Does the agent who discounts a bill receive the payment of that bill when it becomes due?—Sometimes; but in general we wish them to be made payable in Belfast, Dublin or London; some few bills are made payable in Derry and Armagh, but we do not wish it.

In the course of transacting business have the agents lost considerable sums in consequence of discounting bad bills?—They have lost occasionally.

In what class of life are your agents?—We look out for persons in a respectable situation in business, that can give good security for what they do; for we generally have security.

May the agent be in business for himself?—Yes.

What is the regulation with respect to his own bills?—They must come before us in the same way as others; he cannot discount for himself without our express permission.

He has the power of discounting for other persons without your express permission, has he not?—Not his own bills, nor such as we disapprove of.

Supposing he sends his bills to another agent, can that other agent discount his bills?—Not one of our agents, but an agent of another bank might; that would be a cross fire that would never answer.

What is the security given by the agent?—According to the extent of the business he does.

Does not that depend on the future?—We do not know when we establish an agent the amount of business he will do, but we know the probable amount.

Have you had many applications for those agencies; is it a thing sought after?—We have had a great number.

Is any salary paid?—None whatever.

If there is a loss upon the account of the agent does that fall upon the bank?—It does; but, except in one or two instances, we have not lost much by any one of our agents.

You say the charges of the bank amount to 10,000 *l.* a year; what do you include in those charges?—Stamps and the note paper, the commission of the agents in Dublin, in London, in Manchester and in Liverpool, &c. and wherever we have agents all through the country, and house rent, and manager's salary, clerks, and a great variety of charges of that kind.

You do not include in that the interest of the capital of the bank, but only the interest of your own money?—We do not include in that any but our own money.

When the first Belfast bank existed in 1784, at what rate did they discount bills?

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—At six per cent for Belfast bills ; Dublin bills came to from eight to nine per cent. What commission did they charge ?—As well as I recollect they charged a quarter per cent upon a bill at sixty-one days upon Dublin, or three-eighths, I am not sure which.

For what purpose have you an agent at London, Liverpool, &c. ?—For getting bills accepted at Liverpool and London, and wherever we have bills drawn on ; we are obliged to take such English bills, as approved of, that are offered to us.

Are you in the habit of giving bills for the remittances of landlords rents in Belfast ?—We do ; we take bills at a per centage, whatever the price of the market is, and we generally charge about a quarter more.

Do all the agents issue notes of all denominations ?—They do all those small notes.

You send some of each denomination to all the agents employed ?—Yes.

Can you state what the weekly amount of discounts in Belfast at present is, not of your own bank alone, but of the whole ?—I could not at all state that accurately ; I could state what we have done ourselves, taking in the whole of the agents, and every thing else, I dare say we have discounted from 40,000*l.* to 50,000*l.* in the course of a week.

Have you any means of knowing what the amount of weekly discount by the different banks at Belfast may now amount to ?—I have not.

Are your issues regulated in any degree by the issues of the Bank of Ireland ?—Not always ; we always hold between 80,000*l.* and 100,000*l.* of 3½ per cents to bring into the market at any time ; and if we asked for 20,000*l.* or more upon a deposit of stock we could get it for a short time.

How do you supply your agents in Dublin with bank of Ireland notes to pay your notes with ?—By bills on Dublin and England ; the former of which they collect when due, and the latter they pass upon Change ; and we also remit them bank of Ireland notes when they come into our hands.

Do not the other banks at Belfast, and the branch of the Provincial Bank, issue notes above two guineas ?—The Northern Banking Company issue some at four pounds and five pounds I believe.

Do the Provincial Bank issue none above that amount ?—I never saw one of the Provincial bank-notes ; they were only established about two or three weeks ago.

If the bank of Ireland was to limit its discounts considerably, and make a considerable contraction of its paper, would not that circumstance have an effect upon the conduct of the country banks in issuing their paper ?—Immediately ; we have got Dublin paper discounted at the bank of Ireland occasionally. Our bank is a private bank, but we have sometimes got paper discounted at the bank of Ireland.

Therefore, if the bank of Ireland is acting upon a liberal principle in discounting bills and issuing paper, will not that be an inducement to other banks to deal largely also ?—It will.

Then in point of fact the issues of the country banks are in some degree regulated by the issues of the bank of Ireland ?—I think they are.

Have you ever known any Scotch notes find their way into the north of Ireland about Belfast ?—Some few of them come over occasionally by travellers.

Not to any great extent ?—No.

Do you ever remember any instance of a forgery of those Scotch notes ?—Very often.

If the circulation of the notes under five pounds were prohibited, would you continue to have agents for your bank in different towns ?—I do not think we should continue the business at all ; it would be quite on a different footing ; we should have to charge a commission to merchants, upon the discount of the bills, to remunerate us for the expense of the establishment, and to make some profit.

Have the commercial transactions of the province of Ulster very materially increased, and to what extent, within the last twenty or twenty-five years ?—I think they are. Immediately before I left home I was engaged in public business, but I wrote to a friend in Belfast from Downpatrick to request he would get me an account of the principal exports of Irish produce and manufactures for the last twenty years, and he could only procure it in the years 1809 and 1810, that was just after the banks came into operation, and I think it would be highly satisfactory to the Committee to know what it has been since. In 1809 the exports of Irish produce and manufactures from Belfast amounted to 2,367,271*l.* 8*s.* 3*d.*, and in 1810 they amounted to 2,904,520*l.* 19*s.*, making an increase in 1810 of 537,249*l.* 8*s.* 3*d.*

Was

Was that the real value of the produce?—Yes; I have here an enumeration of all the articles.

Have they since that time increased considerably?—I have not been able to ascertain that.

Is it your opinion that they have increased or diminished?—Greatly increased.

What are the particular inconveniences that you conceive the north of Ireland would suffer by prohibiting the issue of notes under five pounds?—I think agricultural produce would fall, and the rent of land would fall very considerably in consequence.

What inconvenience would it occasion to the purchasers of different kinds of produce in the different markets?—There would be less capital I should think, and less capability of paying for the produce.

Appx. No. 17.

J. H. Houston,
Esq.

(12 April.)

Mr. Thomas Joplin, called in; and Examined.

WERE you ever connected with any of the Scotch banks?—I never was.

Or with any bank in Great Britain?—Not any.

What caused you to turn your attention to the state of the Scotch banking establishments?—The failure of the banks in the north of England, where I was resident, and some acquaintance with Scotland, led me to inquire into the difference of the two systems, and from that to publish a pamphlet upon the subject.

Were you resident in Scotland?—I resided in Newcastle.

You were unconnected with any banking establishment?—Yes.

What was your occupation at Newcastle?—A merchant.

Had you extensive dealings with the Scotch banks?—Not very extensive dealings. I had connections and dealings in Scotland, but not particularly extensive dealings with the Scotch banks.

Did you hold a situation in connexion with the Provincial Bank of Ireland?—I assisted in forming that establishment, and held the situation of secretary, which, since the proposed alteration in the charter of the bank of England, I have resigned.

Is there any difference between the mode of doing business adopted by the Provincial Bank, and the mode adopted by the Scotch banks?—It is the intention of the Provincial Bank to follow the principles of business adopted by the Scotch banks, but they have not yet had an opportunity of carrying them into complete effect.

Do you mean without making any variation whatever?—The principle upon which the Scotch banks do business differently from the English banks is in the mode of lending money upon cash accounts, a principle which it is the intention of the Provincial Bank to carry into effect, as soon as the circumstances of the times will admit of its being done with advantage.

Have you been in Ireland?—Yes; but not in the provincial parts of Ireland; not further than Dublin.

Were you in Ireland on business connected with the Provincial Bank?—Yes.

Had they opened cash credits at the time you were connected with them?—To a limited extent.

Did they conduct the business of cash credits precisely in the way that the Scotch banks conduct it?—Yes.

At what towns had they opened cash credits at that time?—At Cork and other branches, but they had not carried it very extensively into effect.

When a person deposited 1,000*l.*, and had an account current with the bank, did the Provincial Bank allow interest upon the balance?—Yes.

What was the amount of interest they allowed?—Two per cent.

Supposing there had been a prohibition by law to issue notes under five pounds in Ireland, do you think the Provincial Bank would have been established?—I think there are very few towns in which the Provincial Bank could have establishments, if they were not permitted to circulate notes under the value of 5*l.* The commercial business of Ireland is so small, and its banking operations so few, that they would not pay for the establishment of banks independently of the circulation.

Have you formed any opinion as to what would be the effect of a law upon the mercantile interest of Ireland generally, which should prevent the circulation of promissory notes under 5*l.*, do you think there would be any difficulty in procuring a sufficient amount of specie for the circulation of the country?—The banks that

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(12 April.)

circulate the large notes would have to supply the proportion of gold currency required; I do not suppose it would make any difference in the total amount of the currency, if the banks could procure a sufficient quantity of gold from England.

Would it not diminish the profits of the bank *pro tanto*?—Yes; and it would prevent the establishment of banks in many parts of the country, where the establishment of them would be productive of great benefit.

Supposing the usury laws were repealed, what would be the effect that would be produced?—I should not think that there is a sufficient extent of commercial operations in the provincial towns of Ireland, with the exception of four or five, to support the establishment of a bank without a circulation, under any system of charges that could be adopted.

How do you account for it, that both the Provincial Bank and the bank of Ireland, and other banking establishments, have been enabled to establish branch banks at different towns in Ireland, where they exist concurrently?—Where three or four banks can profitably found establishments now, one perhaps might exist if the small-note circulation were withdrawn; but it does not appear to me, from the amount of business done in the provincial parts of Ireland, that without a small-note circulation banking could be carried on extensively. About two-thirds of the amount of the circulation in the provincial parts of Ireland, or at least in the south of Ireland, consist of notes under the value of 5*l*.

Have you formed any calculation as to the total amount of small-note circulation requisite for Ireland?—I have formed no other estimate than that contained in the documents called for by the House of Commons, and it appears from that to be about two millions.

That contains only the amount of notes stamped: is that any criterion of the amount in circulation?—The Return from the bank of Ireland I believe gives the amount in circulation, which appears to be about 1,600,000*l*. I never attempted to form any very correct calculation of the other small notes of the other banks, but I suppose, added to those of the bank of Ireland, the total amount may be 2,000,000*l*.

Are there now in circulation small notes to the amount of 400,000*l*. of all the other banking establishments besides the bank of Ireland?—I should think there must be that amount at least.

Supposing there was once established in Ireland a gold currency of sovereigns to the amount of two millions, do you apprehend there would be any difficulty in carrying on the mercantile transactions of that country?—I should imagine there would be no difficulty in carrying on the present mercantile transactions of that country; the injury sustained would consist in the premium being withdrawn, which the circulation at present gives to the establishment of banks in the different parts of the country where they would be of great advantage to it.

Supposing the banks were allowed to cover the new expenses they would incur by an additional rate of interest, would not there be the same inducement to establish banks that there is at present, and would not the charge fall upon the country generally, and not upon the banks themselves?—That might be the case in England and Scotland; but I do not think in Ireland there is business sufficient under any charge to pay for the establishment of banks in most parts of the country; without the profits to be derived from the circulation.

Do not you think a person would rather pay seven per cent interest than relinquish the advantage of getting his bills discounted, or of getting a cash credit?—Certainly; the cash credits are generally granted to people of small capitals, who I think could pay a small additional interest, rather than forego the advantages they afford.

Then if they would consent to pay that additional interest, surely there would then be no inducement to the bank to abstain from discounting?—I should say that in a neighbourhood where perhaps there is a circulation of 20 or 30,000*l*. the interest derived from which would pay for the establishment of a branch, there might not be, in the present state of Ireland, a sufficient number of agriculturists, manufacturers and merchants, who could take advantage of banking accommodation to pay one fourth the expenses of an establishment by means of such charges; yet the encouragement and support which a bank would afford them, might enable them to extend their operations with great advantage to the country, as well as be an inducement to others to settle in the neighbourhood.

It might perhaps be necessary to discontinue the banking establishment at Clonmel for instance; but why should not the parties who live in the neighbourhood of Clonmel

Clonmel get their bills discounted at the bank which might be established at Cork?—They might get their bills upon England discounted, and their bills upon Dublin, but they would not be able to get advances of capital upon local credit.

Why should not an agriculturist living at Mallow get an advance of capital from a branch bank established in Cork?—Those in the greatest credit might, but the opportunities of knowledge of individuals at a distance is not so perfect, and the facilities are not so great as where there is a bank established upon the spot.

Do you conceive it would be advisable to have a bank established in every town in Ireland?—I conceive it would be a great advantage to Ireland.

Supposing there was not a bank established in every town in Ireland, do you apprehend that where a party produced sufficient security and was willing to pay a sufficient rate of interest, there would be any objection whatever to advance capital to that individual, although he might reside at the distance of twenty or thirty miles from the seat of the banking establishment?—None at all.

Have you made any inquiry as to the mode of conducting the banking establishments at Limerick before the establishment of the branch provincial bank?—I made general inquiry.

Are you aware that bills were discounted by discounting houses, who issued nothing but bank of Ireland notes?—Yes.

It has been stated to the Committee that the charge to a party getting a bill discounted amounted to twelve and even fifteen per cent, when the commission was charged with the interest; do you apprehend that to be a correct statement?—I cannot speak to the correctness of that statement, but those bills were bills no doubt drawn upon Dublin or Great Britain for goods shipped and sent out of the country, and that interest would be paid as a matter of necessity more than of choice.

If discounting houses can exist by the discount of bills, where they gain no profit by issuing their own paper, and if persons can be found who will pay twelve or fifteen per cent interest upon the discount of those bills, do not you think that affords a strong presumption that a banking establishment which was allowed to charge seven or eight per cent interest upon the discount of bills, would find it a profitable concern in Ireland?—If charges at the rate of twelve per cent were made upon these bills, or even if a higher charge was made, the parties would probably have been obliged to pay it, or otherwise have sent the bills themselves to be received where payable, and have incurred the risk and expense of having the money returned to them. This charge of twelve per cent would be as much a charge of commission or rate of exchange as of interest.

How did the discounting houses, in the north of Ireland, exist previously to 1797?—Probably by purchasing the bills drawn against the produce of the country exported.

Previously to the year 1797 an agriculturist could raise money in the north of Ireland by the discounting a bill, which bill was discounted in gold, and the profit to the bank which discounted arose from a charge of six per cent interest, and something as commission: supposing that the issue of notes below five pounds were now to be prohibited, why should not the banking establishment derive a profit from discounting local bills in five-pound notes, if five-pound notes could be issued, and if they could not, in sovereigns, charging seven per cent interest for the amount of their advances?—I have no doubt whatever that if all notes were withdrawn from circulation, there would be persons who would borrow money at that rate of interest, rather than not have it; but the question, with reference to the establishment of a bank, would be, whether it was probable that the amount of business that would be done would support the expenses of it, and leave a sufficient profit besides. It does not appear to me, from what has come under my observation, that there would be sufficient of such business to support a bank, except in a few large towns; say in Limerick, Cork, Belfast, and Waterford; perhaps not in any other.

Would that not have the effect of diminishing the operating capital of the country?—I think it would be a very great disadvantage to Ireland in its present state; in the infancy of the commerce and agriculture of the country, every little assistance is of great importance to it; that assistance would now be invaluable to Ireland which might be of no consequence to either England or Scotland: the present question is of infinitely more importance to Ireland than to Scotland or England.

Do not you think it absolutely essential for the permanent improvement of Ireland that the banking establishments of that country should be placed upon a perfectly secure footing?—Certainly.

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Mr.
Thomas Joplin.

(12 April.)

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*Mr.
Thomas Joplin.*

(12 April.)

Do you think there is any country in the world that has suffered so much as Ireland, within the last twenty years, from the insecurity of its banking establishments?—No.

Do you not apprehend that the issues of those different banks did for a time operate in furtherance of the local improvement of the country?—Yes.

Do not you apprehend that Ireland has lost more by the failure of those banking establishments than she would have lost if there had been less facility of credit, but if the banking of that country had been conducted upon a sure footing?—I have assumed in all that I have said that the banks should be established on the secure footing upon which the Provincial Bank and the bank of Ireland is founded; nothing can be worse than the system of banking that has been carried on in Ireland heretofore, which system is now, however, near extinguished in the provincial parts of the country.

Do you think the provincial bank of Ireland, established upon the principles upon which it is now established, provides a perfect security against an over issue of paper, and the consequences that might result from its over issue?—Certainly not; I think public companies can over issue paper just as much as private banks.

What is the check upon that over issue?—I do not see any efficient check; the introduction of gold will to a certain extent be a check, but it will not be a perfect one.

Do you think it necessary as a check that gold should be introduced?—I think to a certain extent it may be useful as a check; the banks could never increase their issues of five-pound notes without supplying an equal proportion of gold currency, which proportion would be a quantity equal to the amount of small notes now in circulation. If a bank was to over issue to the extent say of 100,000*l.*, and the proportion which the small notes under the value of 5*l.* bore to the whole circulation was one third, or one half, it could not maintain that sum in circulation without supplying 50 or 100,000*l.* in sovereigns. These would have to be obtained from London, and in a majority of cases would have to be purchased by a sale of government securities. As an increase of issues, however, generally takes place when capital is becoming scarce and valuable, this sale would have to be made at a loss, and the question for a bank to consider would be, whether for an increase of issues, which might only be temporary, it would be worth making any sacrifice.

Luncæ, 17^o die Aprilis, 1826.

THE RIGHT HONOURABLE WILLIAM HUSKISSON,

IN THE CHAIR.

Thomas Kinnear, Esq. called in; and Examined.

*Thomas Kinnear,
Esq.*

(17 April.)

YOU are a banker in Edinburgh, are you not?—I am.

You are also a director of one of the chartered banks of Scotland, are you not?—I am a director of the bank of Scotland, which is established by act of Parliament; it does not hold a charter from the Crown, but in common language it is called a Chartered Bank.

In your capacity of a private banker have you any branch banks established in any part of Scotland?—None.

Are you, in your capacity of a private banker, agent for any banks which are so established?—Our house are agents for several country banks in Scotland.

They keep their accounts, and transact their business through your house in Edinburgh?—Yes, they do.

In your capacity of a director of a chartered bank, and in your capacity of agent to private banks, and yourself a banker, you can probably give the Committee an account of the whole system of banking in its different branches, and the mode in which it is carried on in Scotland?—I have been a director of the bank of Scotland for about a year only, and therefore, perhaps, I am not equal to giving so detailed an account of the system of their banking as I should otherwise do, inasmuch as I have had only one year's experience in it, but I think I am acquainted with the system generally.

Does your private bank issue one-pound notes?—No.

Does it advance money on what are called cash credits?—No, it does not. I should

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I should explain to the Committee that we have, during nearly seventy years that our banking house has been established, in two instances permitted parties to overdraw their accounts on bonds, certainly similar to cash credits; with these exceptions the question may be answered decidedly in the negative.

In what does your business consist at this banking house?—Our business consists of two branches; dealing in capital, and being agents for country banks.

By dealing in capital you mean receiving deposits from the customers of the bank?—By dealing in capital, I mean using my own capital in the way of loan, and borrowing and lending capital generally.

Part of which consists of deposits?—Certainly.

By borrowed capital you mean deposits?—Yes.

In what manner do you generally employ the capital of your bank?—Upon the usual securities in which bankers deal, either private or public securities.

Discounting bills of exchange probably?—Yes.

Do you lend money on mortgage?—No.

In fact your business as a private banker resembles very much the business of a private banker in London, having also the agency of country banks?—I am not acquainted with the business of a private banker in London, and, therefore, I can hardly answer that question.

What do you mean by lending on private security?—Our house do not lend on mortgage, but they might lend on mortgage. I should be afraid to attempt to enumerate all the securities on which we occasionally lend, I might unintentionally leave some out: Bills of exchange; permitting parties whom we know to be solvent to borrow from us, perhaps by overdrawing their accounts. The nature of the securities we receive depends upon the nature of the transaction.

Is it a common practice to permit parties to overdraw their accounts?—Where we are satisfied of our security it is occasionally one of the modes in which we lend capital.

Do you lend money generally in that way?—To what I think a proper extent.

What is the distinction you take, between not granting cash credits and lending money by advances to parties who are solvent, and who keep accounts with you?—Lending money is making an advance of the cash we have, and which we want to employ, that we do if we permit parties to overdraw their accounts; they come and ask whether we will lend them so many hundred pounds, and we do it. Giving a cash credit is not advancing the money, but promising to advance the money if at any future period the party applying shall want it, whether convenient to the banker or not.

Do you permit accounts to be overdrawn without having taking previous security?—Certainly not, without knowing that we are secure.

Without having taken previous security from the party?—I should say, certainly not. Usually if a person, who possessed a large fortune to our knowledge, came in and asked to overdraw his account to so many hundred pounds, we should not refuse it; but it is generally the case that we take a promissory note, and we charge the discount of it, and place the proceeds to the credit of the party.

Of course upon those transactions you charge interest?—Yes, certainly.

You state that a cash credit is an engagement on the part of the banker to lend money within the limits of that engagement when required?—Yes, it is.

But your mode of transacting business is, instead of coming under a preliminary engagement to lend money, to grant that accommodation when required by the wants of any party in whose solvency you have confidence?—Yes, if it suit us.

Is there any other difference between those two modes of lending money, except the different forms in which the security is given?—Our usual mode is by making a definite loan; both definite in amount and definite in period. If a person has leave to overdraw his account indefinitely, it is a very rare and uncommon thing; the way in which we grant an accommodation in the common mode of our business is, by making a bill definite in its amount and definite in time. A cash account is indefinite in amount, except that the *maximum* is defined, and it is indefinite in time. There is a slight difference in the return upon the capital employed in discounting bills and in the capital employed in advances on cash accounts when required, because the one is discount interest and the other is simple interest. As far as the mere question of the return for the capital goes, I do not at present recollect any other difference.

Are there many banks in Edinburgh who, like your house, carry on business without issuing one-pound notes, and without allowing cash credits?—There are three or four houses.

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Thomas Kinnear,
Esq.

(17 April.)

Do those houses, as far as you know, carry on business in the same manner as you have stated your house to do, by advancing money to those who may require it, in whose sufficiency they have confidence?—Yes, I presume so.

What is the rate of interest you now charge on advances of this description?—The rate of interest on discounts or overdrawn accounts at present is five per cent.

What is the rate of interest on cash credits where the banks are in the habit of granting them?—Five per cent.

And in fact the rate of interest in the one and in the other mode of borrowing has always been kept the same?—The interest when a loan is made on a cash account is the same as the interest on a discount. There may, and I rather think there has been a difference in some banks between the interest charged on a cash account and the interest charged on a discount; I am not quite sure of that; I do not know any instance of its having been done, but I rather think it has been done.

When you are called upon in your own bank to give bills on London, are they at the same date as bills issued by banks that circulate one-pound notes?—London bills form one of the securities in which we trade; if we are called upon by the public to draw on London for cash, we draw at the same rate that the public banks do, twenty days after date.

Do you know of any bank in Scotland, not issuing one-pound notes, which affords cash credits?—I have already answered that in our own house, in the period of seventy years, I am aware that two advances of that kind have been given; if the question is meant to apply to the system, undoubtedly not.

Is the advantage to the party borrowing greater under the system of cash credit than under the system of lending in the ordinary mode?—Infinitely.

Why?—As to the question of actual pounds, shillings or pence paid in the shape of interest, there is in the first place this difference, that when he discounts a bill he pays the interest on the sum for three months, if that be the currency of it; should any accidental mercantile transactions throw into this individual's hands, on the next day, the same amount which he had thus received from the banker, he has lost the benefit of the transaction, because he must keep this; if he has a deposit account with the banker he must keep it at bankers interest, while he is anticipated by having paid to the banker three months discount interest on his bill; if a trader were to take his money systematically by discounts instead of by cash accounts, a disadvantage to him would arise. The same principle applied to small sums; if half or a quarter or any part of the advance which he may have received upon the cash account comes into him, he immediately lessens the advance by paying it into the bank, and the interest being calculated at the close of the account, there is a progressive account of interest diminishing with the principal sum till it is extinguished. So far as to actual benefit of interest, but the convenience of getting money when wanted affords a very material advantage independent of the actual benefit.

Does not your bank grant interest on deposits of cash?—Yes, on current balances.

What interest?—At present four per cent.

Do the banks which grant cash credits allow a greater interest than four per cent?—No.

Do they charge the same interest upon the advances upon those credits that you do upon the discount of bills?—Yes, five per cent.

Then, supposing instead of discounting a bill of exchange for three months, it was a customer to whom you would make an advance commensurate with his actual wants, by allowing his account to be overdrawn upon his own cheque, what advantage would there be to that same individual if he drew the same amount as a part of a cash credit he had lodged with the bank?—The only advantage that I see would be, that in the one case, in the first case mentioned, after having once reduced the advance, he must come and ask me leave again before he could increase it, which probably I might not grant unless it was for my advantage; but, as I have stated, these sort of advances by private grants are exceptions and not rules; it is a very rare thing, and it is a favour in the banker, which he must have some other reason than the mere mercantile one of making money to induce him to confer often.

To all your customers whom you consider as respectable, who are in the habit of wanting an advance, would you not make it?—Yes; but the mere circumstance of such an advance being frequently required, would induce me to say that, in banking language, that customer was not so respectable as another. The very circumstance

stance of his respectability in banking language depends on his not requiring those sort of advances frequently.

But as far as that mode of transacting business goes, the interest charged on the advance, and the interest allowed by the banker on any deposit the same party may have to make with him, is the same whether the advance be made without a cash credit, or with a cash credit?—I have already mentioned as to the interest. It is in one sense a mode, but it is not a usual mode of transacting the business; it is the exception, it is not the rule.

Is the Committee to understand that the usual mode of granting advances to a customer by a bank which does not issue notes, is on the credit of a promissory note of that person to the bank?—Generally on the promissory note; we generally wish for more than one party on the note or bill.

On the amount of that bill, he pays discount at the rate of five per cent from the day the money is granted?—Yes, certainly, and takes away the money if he pleases.

And if he paid in the whole of that money the next day, the banker would allow him only four per cent upon it?—Certainly; and we should make a profit of one per cent upon it without any risk.

But if he were to pay that in on a cash account, he would be saving five per cent by paying it in?—Yes; the difference would be, that the net profit of my banking house would be one per cent for three months, whereas the gross profit of the other would be five per cent for one day, or till the money was again paid in.

Would it not suit the bankers not issuing one-pound notes to adopt this system of advance by cash credits, as a mode of employing their capital?—Not unless such an extraordinary change was to take place, which I see no reason to anticipate, that we could not make a better use of our money; we employ our money where it is most profitable.

Can you employ your money, generally speaking, at a higher rate of advantage than five per cent?—I believe very few bankers who look back to the last twenty years would be contented to take their accumulation at five per cent on the capital employed.

The question refers to the present moment?—It is difficult to say. I should be sorry to invest a sum at five per cent, simple interest, for some years to come; I mean, that supposing five per cent to continue the market rate of interest; I think that it is my business to make a banker's profit instead of simple interest upon it.

Is it the practice of bankers to invest their money, so as to tie it up for years and place it beyond their reach?—I think I shall make more than five per cent of my money for the next six or eight months. I should be sorry to think that my profits were limited to five per cent on my capital.

But you cannot by discount, or by any ordinary mode of business, get more?—Yes, by exchanges, by persons requiring money in different parts of the country; by discounting bills not payable in the place where they are discounted, which form the bankers trade; or by commissions, or various small charges of one kind or other, made up at the end of the year, they certainly pay us more than five per cent on our capital. At present we can discount first rate bills at five per cent, we do not want to carry that to a great extent, because transactions turn up which pay us better than the market rate of interest.

Is it not a constant practice of bankers to regulate the extent of their discounts by a reference to the value of money?—I think that in this country, where there is a fair competition of capital, securities of equal solidity with first rate commercial bills are not likely to pay a higher interest.

Government securities?—They are not of equal security with mercantile bills; there is more risk.

At what rate did you discount at this time last year?—Four per cent.

Supposing that, where you were discounting at four per cent on ordinary bills, you had granted cash credits at five per cent, would that have answered your purpose as well?—It would not.

Why not?—I have already said that a cash credit is not a loan; it is an engagement to lend money when it is wanted, that is the bargain; then the party to whom I have come under this engagement, may, if he chooses, very willingly agree to pay six per cent, but when the time comes round he will not take it unless it is worth it. If capital was plentiful, and if a man was in good credit (and if he were not I would not have dealt with him), he would get his money at four per cent, and I should be

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Thomas Kieneer,
Esq.

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Thomas Kinnear,
Esq.

(17 April.)

in his power, but he would not be in mine; I could not therefore under those circumstances contemplate such a thing.

How does this system of cash credits operate, beneficially to the banks which so issue them?—I am now going to speak exclusively of the banks which issue notes.

You said you issued no one-pound notes, do you issue any notes of a larger description?—No; no promissory notes payable on demand whatever. I shall solely now keep in view the banks which issue one-pound notes. The trade of a banker in Scotland is divisible into two great branches, which arose at different times from different circumstances, and I think one of them might possibly drop on a recurrence to the same circumstances under which they severally rose. Their trade is to deal in capital, that is one branch; and the other is to furnish the circulating medium. Banks in Scotland, as well as in every other country where banking has been introduced, begin by dealing in capital; the furnishing the circulating medium was entirely an afterthought. The great difference that I am inclined to draw between the two branches of our business is, that in dealing in capital we have the public at our disposal; so far we are active, our customers are passive; we have it in our power to give them the capital if they want it, and we oblige them, when their engagements become due, to pay it to us, and the transaction is at an end. In the other branch of our trade, furnishing the circulating medium, we depend entirely on the public, we are in their power. A bank which fills its safe with its own promissory notes of all descriptions is more like a retailer than a wholesale dealer; although these notes are retail stock on a large scale, he can only answer the demand for a supply; if he puts out those notes he must depend upon the public as to the period of their being brought back. Soon after the banks began that branch of their trade, they saw, I presume, though it is too long ago to say, but I suppose from their actions, that they understood that the circulating medium of the country, where it was economically used, where there was no monopoly or restriction, could only be commensurate to the demands of the country; that the supply of the country could not exceed the demand, and therefore they knew that if their notes were to become the circulating medium of the country, they could not, things remaining as they were, become so, unless what was the circulating medium of the country at that moment were first removed. For instance, the circulation of Scotland, I suppose, at that time, nearly a century ago, probably did not exceed half a million; but whatever it was, the banks knew that they could not make that half million a whole million in the then situation of the country, and that to get one quarter of a million of their notes into circulation, they must get that quantity of the coin out of circulation; therefore they invented a system, namely, that of cash credits, for the purpose of removing from the circle the medium which then occupied it; beginning at the right end, not attempting to force a supply, but to create a demand. The first bank which began that system found the circulation nearly metallic; there was another bank which had a very few notes in circulation; but the circulation was nearly silver, there was very little gold; that bank, therefore, had little but coin to remove. When the second bank which adopted the system, there being only then two in existence, began its operations in the same way, it had to operate on a circulating medium consisting partly of coin and partly of notes; and the third when it began had to operate upon two sets of bank-notes and the coin; and so of the fourth, fifth, sixth, and so on. The last bank which began in Scotland, which I believe is the thirtieth, had, in order to create a demand for its notes, to get out of the circle the notes of twenty-nine banks. The explanation of the cash credit system is this: The bank who first opened a cash credit, opened it with an individual shopkeeper; he received payment for his goods in the currency of the country. Previous to that system he used to put his currency into his drawer, eight or ten pounds, or whatever it was; if people brought him larger money to pay for his goods, he returned those people change, or if he did not, he kept it till he wanted to purchase for himself: but after the banker had explained to him what he wished him to do, when the shopkeeper received the currency of the country, instead of putting it into his till he looked to the banker's shop as his till, and handed it over to the banker, and left his own till with only the change which he could not do without; then, when he required sums to pay away, instead of taking them from his till, he sent to the bank, and took from it what he required, the banker giving him his own notes. So much of the previous currency having been thus removed, and the banker's notes taken in its place, those notes must remain out unless the demands of the country are lessened. That was the

the effect of the first operation, when the thing was in so simple a state that there were only the notes of one bank, and a metallic circulation. It is quite evident that the same amount of circulation would remain, but ten parts of it would be paper, and ten parts would be metallic; if you apply the same principle where there are thirty banks, and three, four or five millions in circulation, the result would be the same, the amount of the circulation of the country continues the same; but the proportions between its component parts vary. The success attending this trade depends upon the industry or the character of the banker, the good opinion the public have of him, and the exertion he makes to get out his own notes. If the public choose to refuse the notes of any banker it would be impossible for him to get them out; there is no want of circulating medium with us, there are plenty of solvent bankers, and a bad currency would not obtain circulation; therefore, the foundation of the system of cash credits was to promote the circulation of individual banks. It is founded on a sound principle, for it does not attempt to force anything, it begins by creating the demand. It is essentially connected with the furnishing circulating medium, and it is only accidentally connected with the advance of capital. If the thing were to go on in this way, that the shopkeeper was always first to receive his money and put it into the hands of his banker, there would be no necessity for any advance on the credit; but the difference of a day or a week frequently obliges a man to pay money before he receives it, and therefore the banker takes a permanent security in the shape of a bond, heritable or otherwise, and he trusts the individual so far as to give him his notes, knowing that if every thing goes on right the advance must come back to him within a limited time. The system is on a security which makes it safe for the banker to trust this sort of customer on a different principle than he could another. If a tradesman were to deceive his banker, by pretending that he wanted a cash account for the purpose I have been describing, while in fact he only wished the loan of a sum of money to stand as a dead advance to himself without transactions, the consequence must necessarily be, that he would very soon, or at once, draw out the whole amount which he had it in his power to do, instead of drawing it piecemeal, and he would not repay it at all, his transactions would not enable him to pay it, but it would remain for weeks or months as a dead loan: the banker has only to look at his own progressive ledger to see that that is the case, and he immediately says, this is not a cash account, you must pay up this. This explains the reason why the banker grants the cash account. The cash account is intended for the purpose of furnishing a circulating medium, and not permanent advance of capital in any individual case.

You have stated that the use of banks of credit is to supply a circulating medium, now is it not their first object to displace the metallic currency of the country, in order that their notes might supply its place?—Issuing a circulating medium of another description from the existing circulating medium of the country, whether coin or not, will not necessarily displace that circulating medium. The banks who wished to issue their notes, knew that they could not do it otherwise than by making room for them in the circulating medium. When the circulating medium is once partly filled with one sort of circulation and partly with another, if there be no restrictions upon the trade, it is exactly in Scotland like any other trade, the public will choose what sort of circulation they will take; and till experience had shown us the fact, I do not see how we could have said that it was more likely that paper should drive out gold than that gold should drive out paper. If the Scotch banks had begun at the time without capital, on a sandy foundation, their paper would not have kept its place in the country.

Can a circulation continue in a country without capital on the part of those who issue that circulating medium?—Certainly not, permanently.

Then a credit being assumed on the part of the bankers, what is the difference, as to its effect in driving out the coin of the country, whether such circulating medium of paper be issued on cash credit or in any other mode in which it can be put into circulation?—Credit cannot be assumed to be given permanently to a bank which does not deserve it. If it does deserve it, I see no other difference than that the system of cash credit makes the circulation a great deal more rapid.

Then cash credits are the most rapid mode which can be introduced of removing a gold circulation?—No; on principle, without exclusive reference to Scotland, I conceive it is a means of circulating the medium of the country, whatever it may be, much more rapidly than it could be otherwise circulated; and of course increasing the facility every member of the country has of choosing between the different media of circulation is the effect of it.

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Then if the advantage of cash credits be to render the circulation more rapid, leaving to every individual his choice of the medium in which the credit shall be advanced, why should not the same system prevail with a metallic circulation?—I should say in practice the reason it does not prevail is, that there is no momentum to put it into operation. There is no person has any interest, there is no competition, in a metallic circulation; I mean to say, that a person in the country having a permanent interest in a bank, such as the bank of Scotland, has a direct interest in circulating its notes, but I do not see that any body has any interest in altering the state of the circulation if it is merely metallic, and there be a restriction against paper.

You have stated that it gave a greater rapidity to the circulation, and left it to the option of the person whether he should have it in gold or in paper; you are asked why this cash credit cannot exist with a metallic circulation?—That was the effect in the beginning of it; it is not the effect now; I should say now there is no gold in circulation in Scotland, therefore the interests of each bank press them forward to put out the notes of their bank and displace the notes of each other. My answer, to which reference has been made, referred to the period when there was gold in circulation; things have come to that state that our circulating medium is entirely of notes of different banks, and I say that the cash account system, *pro tanto*, gives an opportunity to people of choosing between the different circulating media.

The tendency of cash credits and the nature of banks is to leave to the pleasure of the person the particular bank he chooses to deal with?—That is one effect; he has an option, he can present the notes for gold immediately.

You have stated that there was no gold, in fact, in circulation in Scotland?—Yes.

Would the cash credit be continued to a person who demanded gold on a credit so opened with him?—Most certainly not; for this reason, I think that the whole of our system in Scotland is founded upon the sound principle of every one looking to his own interest, and by doing so, where that is the case without restriction and without monopoly, it inevitably follows that they must consult the interests of the state. Where every one prospers, the state cannot go wrong; if I give a cash credit to a man who says he is going to use it in the business of the country, and then if he turns round and becomes a bullion merchant he is deceiving me, and has said that he was going to do that which he was not about to do.

You would consider him in the same light as a customer who demanded to be paid in the notes of another rival bank?—No, it is a point of honour among the Scotch banks that they will not pay in one another's notes.

But it is the same in point of effect upon your interest?—No, quite the reverse; he is not at all in the same situation; nothing would be more agreeable to me than to give the notes of another bank, because if the man wanted gold it would relieve me from furnishing it. If he comes and asks for the notes of another bank I should say, "No, I am not obliged to give you the notes of another bank; if you want gold, ask for it, and you shall have it."

In point of fact, is it your opinion that cash credits would be afforded as they now are if gold were the circulating medium of Scotland?—No; no more than they were when gold and silver were the circulating medium of Scotland.

The person to whom a cash credit is given may draw for any part or the whole amount of that cash credit at any time that answers his own purpose?—Yes, he may.

Is it the practice of the bankers in Scotland to keep in reserve a sum of money equal to the aggregate of those cash accounts, to meet those demands, if they should so come upon them?—Yes, equal to that proportion of the aggregate which they know by experience forms the maximum which, commonly speaking, will be drawn; that is necessary, and a prudent banker will do more.

Are the banks generally in advance to the persons to whom they give those cash credits?—When a banker looks at his cash credit list, he sees that he is in advance, but there is no average that does in fact apply to the accounts; there are a great number of people who have cash credits, who have means of their own, who are of that property and that respectability that they seldom or never use them to their full extent. Upon the whole, cash credits must be in every bank overdrawn, but there are a great many cash credit accounts where there is not only no over draft, but there is a balance to the credit of the party.

Does the amount of a banker's advances continue nearly stationary, or vary at different times?—It varies very materially at different periods of the year.

Therefore the demands which may come upon a banker, he cannot by any possibility calculate upon?—A calculation should be made; but a prudent banker will

will not trust to that, for he is in the hands of the party; it would shake a banker's credit, if he were at once to curtail or withdraw without a sufficient reason a great number of his cash accounts; that would be attributed to want of funds, and therefore he must not run the thing so close as to run the risk of it.

If he charged interest only on the balance, and if he must keep, supposing gold the only circulating medium, a stock of gold in his coffers to meet the demands upon him, and upon the whole of which therefore he would lose the interest, could he afford to grant cash credit unless he could issue his own notes?—He would not do it. I have already said, the cash credits are part of the machinery by which a banker obtains his circulation. He, therefore, could not do it.

It would not be beneficial to him?—Certainly not.

Then it is your opinion, that in a country where there is a metallic circulation there can be no such system as cash credits?—I should be loth to give an opinion without a little more experience; I know no country but my own; I cannot conceive where there is a fair competition of capital it will be in the power of the banker to do it; if he open a cash credit he goes under such a disadvantage that it is not conceivable that he should do it in a country where paper money is forbidden by law under 54.

You stated in one of your answers, that under the system of cash credits, by which a circulating medium of paper had by degrees altogether superseded the use of coin in Scotland, the circulating medium never could exceed the demand?—Yes, I did.

And that it never could therefore derange the value of that currency?—My answer related to Scotland; I did not say that it could not derange the value of the currency, as far as I recollect, but I do say that of Scotland, as at present situated.

Why can it not exceed the demand, and consequently derange the value of the currency?—The notes of the banker while remaining in his own safe are a commodity; they acquire their nominal value by being issued; like every other commodity the supply must be regulated by the demand, where there is neither monopoly nor restriction.

Suppose that persons in Scotland, from having an opportunity of making seven or eight per cent of their money, were to demand advances from the banks to the full extent of their respective cash credits, if such advances were made in the notes of those banks, might not the supply exceed the legitimate means of employing money in Scotland so as to derange its value?—No; because my answer related to the currency, and the questions relate to capital; the loan of capital by the bank to a debtor does not increase the currency; when I say the currency is not increased by the loan of capital, I mean the net currency which is passing from the dealer to the consumer, and from consumer to consumer. When a cash account is opened, the moment that a certain sum is drawn out so as to make the man debtor, that is a loan of capital, and it would not increase the currency; capital is not currency, and does not become currency except from a legitimate demand.

Because he could not get it into circulation?—Because he could not keep it in circulation.

You give it in the shape of notes?—Yes.

Suppose the effect of making these increased issues was to raise prices, then it would *pro tanto* get into circulation, would it not?—Yes perhaps, ultimately.

There would be more circulation demanded to pay a high price than a low price?—Yes, there is no doubt a loan of capital may indirectly increase the future operations of the country; but the currency in which that loan of capital which is to produce that future effect is advanced, does not increase the currency directly in Scotland.

Suppose Scotland to be a country standing by itself, and having a currency of its own, and not a part of another country, and that the thirty banks of Scotland were to lend to every landowner in Scotland twenty per cent upon the value of his land, and that all those advances were at once thrown into circulation, would not the currency of Scotland be increased?—If you suppose, in Scotland, as it now stands, those advances thrown into circulation, the supposition is tantamount to an immediate temporary increase of currency, but the loan of twenty per cent by the banks to landowners on their estates would not come into the net circulation.

What would prevent it, supposing Scotland to be a country of itself?—If Scotland were an insulated country, I can only suppose it to be so either in an infant state

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state or in an advanced state; if it were in an infant state, its capital being formed of commodities which probably would not require a currency to the extent of the loan supposed, I can only suppose that the proprietors of those commodities would actually make the loan in commodities, therefore, so far, certainly there would be no increase of currency; in order that this loan should be made, the banks must have capital from which to lend it; that capital must be in commodities, the only alteration that it could make would be that those commodities were put into a state of circulation; it would not necessarily, for though a loan of that immense amount be made in currency, it might or it might not be so.

The question assumes that it is made in currency:—Then the question supposes that the bankers who are to lend the twenty per cent upon land must have in their coffers the currency of the country to the amount of twenty per cent upon land; where there is no restriction, and where there is no monopoly, no man will borrow money except for a specific purpose, which makes it worth his while to pay the interest of it; he must therefore have a specific demand coming upon him for money before he will borrow the money. The borrowers would no sooner receive the currency to that amount, than they would pay it to those debtors who must have been in existence, in order to induce them to make the loan if there was neither restriction nor monopoly in the country; those debtors would not keep that currency idle, the currency is only the representative of value, it is not the production, the thing itself; and they would immediately return it to those parties who must ultimately come to be the creditors in one shape or other, namely the banks; for if those creditors of the landholders who have received payment of their debts, were themselves just debtors to the banks, they would use that currency in returning it to the banks; if they were not debtors to the banks, then the desire which every man must have to make his commodity, whatever it may be, productive, would induce them to place that currency where alone it can be productive, namely, by bringing interest in the hands of those parties who deal in capital, and who pay interest for it, namely, the banks; therefore the beginning of the transaction would be, that the banks would lend their capital, and the end of it, that they would get back the capital from a new set of persons in the same currency. Therefore the currency would not be increased by the transaction.

Those banks of circulating medium are the channels through which all those cash credits are obtained; what is the reason that they could not give a cash credit if they were not at liberty to issue one-pound notes?—Because the law would prevent their dealing in currency, and the object of giving cash credits is to facilitate dealing in currency.

What do you call currency?—I am inclined to divide the currency into two parts; first, that which is flowing between the dealer and the consumer, and also between the consumer and the consumer; and secondly, that which only goes from one dealer to another. I know in point of fact, and every Scotch banker knows, that such is the actual state of our currency, that part which is perpetually flowing from dealer to consumer, and from consumer to consumer, is really and truly the net currency of the country, which is required for carrying on its ordinary operations, independent of the loans of capital and the transfers of capital, which in such a country as ours are perpetually making. Suppose that the currency of Scotland last night was three millions, a man comes to me this morning and asks me to lend him ten thousand pounds by a discount; the three millions is what I call the net currency, it is between the consumer and the dealer, and between consumer and consumer: the loan of capital which this person asks from me if I give it him, he only will ask to meet a determinate demand upon himself to pay a debt, if that debt is due to a banker he takes the money net as he receives it from me—my large notes, generally hundred-pound notes—to the banker, and there the banker locks it up in his safe till to-morrow morning, if to-morrow is the exchange day, or the day after, so that that I do not call net circulation, because it might as well be represented, if it were the custom of the country, by a check for ten thousand pounds as by ten thousand pounds in my hundred-pound notes; still, nominally, it increases the amount out, but it does not affect the amount out so as to depreciate that circulation; or if it is the case of a transfer of property instead of a loan, the paying off one debtor and acquiring a new debtor, such as the paying a mortgage; a writer to the signet has to pay off a mortgage of fifty or sixty thousand pounds, he has procured a new lender of the money, from whom he is to receive fifty or sixty thousand pounds. The custom of Scotland is, that that is not done by checks, but by actual payment in the currency of the country; the man who has to receive the sixty thousand pounds

pounds goes to the party who is to pay it, receives it in hundred-pound notes, and pays it into his credit with his banker, while the man who has to pay the sixty thousand pounds goes to his banker, draws it out, and pays it to the party who has to receive it. These sort of payments are made in notes, and the banker on looking to the circulation account, sees there are so many hundred thousand pounds paid in one day; but we know that is not properly called circulation, there is no benefit attending it, and it is the mere payment of so much money, but we make no difference between that and the other circulation of the country in our circulation account, or in our returns of notes.

Do you mean by the currency spoken of, that of one-pound notes only?—I mean by the net currency all those notes which are demanded of the banks, and which are circulating between dealer and consumer, and between consumer and consumer, and in point of fact those are principally one-pound notes, five-pound notes, and a few larger notes; but it rarely happens that a hundred-pound note circulates beyond a few hands.

Supposing the one-pound notes ceased to circulate, what would prevent the banks which circulate paper on credit from granting cash accounts in five-pound notes, or otherwise, according to the convenience of the borrower?—Because that part of the currency to which the banker's trade in currency has reference, is principally, in point of fact, composed of one-pound notes, and because a part of that which is not in one-pound notes rests materially upon them; so that the banker's trade of dealing in currency would not in the event of a gold circulation pay, and of course the machinery for carrying it on would drop.

What is the proportion of one-pound notes to the other circulation?—I can give the Committee a guess on tolerably good grounds, but that I should be answering to a disadvantage, because I believe that the Committee are in possession of the amount of the circulation. I made out with some of my friends, about the end of February, the amount of one-pound notes somewhat about from eighteen to nineteen hundred thousand pounds, that was the sum which was agreed upon as probable; and of larger notes, about seventeen hundred thousand pounds at that period. Since the Scotch banks received the letter of the Chairman of this Committee, and determined to comply with the request, I have not applied my mind to the subject, because we made our true returns to the Chairman of this Committee, and the result is of course before him.

You have stated that the circulation of your five-pound notes rests materially on the circulation of the one-pound notes, how do you explain that?—We must be prepared to exchange our five-pound notes according to the convenience of our customers; our business is to do that which is most convenient to them, whatever it may be; the demands which are made upon us vary from day to day very materially; and large sums of one-pound notes are taken out and large sums come in, so that to deal with that on an average is impossible, we must be supplied with the maximum; though that maximum may be required only a few times in the year. If our one-pound notes were taken away, either the five-pound notes must decrease or they must increase, they are not likely to stand quite still; if they decrease, if we carry on the trade of circulation, then we must *pro tanto* fill up the decrease with gold, therefore our five-pound notes would become trifling in amount, and they would not make it worth our while to carry on the trade; if on the contrary, our five-pound notes increased, we might flatter ourselves that we should still carry on a beneficial trade, but we should be treading on ice unless we kept a very large amount of sovereigns to meet the demands of our customers, because as our five-pound notes increased in amount, we must in prudence be prepared to change a certain number of them, not because the public preferred to have other security, but because they wanted smaller currency. It would not be worth our while to carry on the trade of furnishing a currency with a view to profit; for in the one case, though we might have a profit, we should be running a risk which no prudent banker would do, and in the other we should have no profit.

Supposing the five-pound notes to be the smallest amount in paper, you would of course carry on your business with as little gold as was consistent with your own safety and the wants of the country?—If the five-pound notes were the lowest paper circulating medium, we must limit our trade to dealing in capital, and of course we should carry on that trade in the most economical way compatible with security to ourselves, and convenience to our customers; where there is so complete and so free a competition, if we go wrong in point of security, or become exorbitant in our demands, our trade will leave us.

Supposing all the one-pound notes actually in existence to be suddenly replaced

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by an equal quantity of gold, what reason occurs to you why the notes above 1*l*. should not remain in the proportion which they now bear to the one-pound notes?—They would remain, unless there was a legislative forcible law to prevent our doing with our currency as we please; if the question supposes that there was a prohibition to issue one-pound notes, in that case we might continue to issue five-pound notes, but we should not do it on cash credits; the amount of five-pound notes out would be limited on the one hand by the property of the parties affording them, and on the other by the expense of gold to answer them when brought in.

Would they remain out in the same proportion that they now bear to the one-pound notes?—If we come to proportions in a future state of the currency, whether altered or not, those proportions must remain with the public, I cannot answer to that precisely.

Is it your opinion that if the one-pound notes were by law annihilated, and gold substituted, the five-pound notes would then remain in equal quantities in circulation as they do now, that the one-pound notes are permitted to be circulated?—Not in the present state of the country.

Supposing five-pound notes to be the lowest denomination of paper allowed by law to circulate, and that there was no limitation on the rate of interest by the usury laws, would the system of cash credits be continued?—As the system of cash credits essentially has reference to the trade of dealing in currency, and not to the trade of dealing in capital, I do not think that the usury laws being taken off would induce us to continue them. I do not think the taking off the usury laws would have the slightest effect on the determination of the bankers to continue them or not.

Is there any advantage which the bankers derive from the permission to issue one-pound notes, except the rate of interest which they have from the circulation of so much credit?—Certainly, very great advantage.

What are the other advantages?—One of the advantages resolves itself into this, that the one-pound notes are the foundation of all circulation, and, according to the answer I have given, taking away the one-pound notes would affect the circulation of notes of a higher grade, so far there is an advantage beyond the positive pounds, shillings and pence, which form the annual net income from the circulation of one-pound notes; besides, the advantage which the one-pound notes produce to the banker, is not estimable in pounds, shillings and pence; it cannot be estimated. The banking system in Scotland consists of an arrangement of operations, of facts, if that is the proper word, which the trade, being now open, we regulate so as to keep ourselves safe and to afford us profit; if the one-pound notes are forcibly prevented from being issued, you break away one of the essential parts of the system by force; I cannot tell what might be the effect of that; my impression is, that it would have the effect of shaking public confidence; for instance, it would subject us to the possibility of a run from panic; it would prevent us from aiding the rapid accumulation of real wealth in the country, by the excess of production over consumption; it would diminish the wealth of our customers; it would prevent us from borrowing the accommodation of very small sums from very poor people; it would prevent us from lending the accommodation of very small sums to very poor people; in short, those indirect advantages which a good system of trade confers upon the traders themselves, as well as upon the public, would in this instance be lost to us.

Supposing you were allowed to make ten-shilling notes, would not that double all those advantages?—I think not. I think that the statute prohibiting the making of five-shilling notes is for the greater part of Scotland a dead letter; I am persuaded that if that statute were abrogated to-morrow, the banks would not make five-shilling notes; I know that I would not; I know the bank I am connected with would not, for this plain reason, that it would not pay, or at least if it were to pay, it would really come so near that it would not be worth while doing it with that risk. Five-shilling notes were issued formerly, but then the country was really in want of change; it was a matter of necessity; or, in other words, in dealing in currency, our trade being a free one, there was a demand for them, and they were issued; there are now five-shilling notes in Scotland, but they confine themselves to those parts of Scotland where there is no banking capital, where there is no banker, where the people are destitute of the advantages of having capital sent among them from a distance to trade among them in banking; there are no feeders for the circulation; the country is not rich enough to maintain a metallic circulation; there is a demand for small change, and they evade the law, which

which like all laws put upon a people, if against their interest, they evade; but those five-shilling notes do not drive the specie out of the country; we do not find it our interest to attempt such a thing, and I think the same principle would apply to ten-shilling notes.

In what parts of Scotland are those five-shilling notes in circulation?—The parts I am aware of, from my own experience, are in the Hebrides; but from finding them there, I should think it possible that they are in other parts of Scotland also. I can show the Committee one of them [*producing it.*]

Before the bank restriction in 1797, was not the circulation of those districts, such as it was, supplied with gold?—I rather think it was not entirely so from this circumstance, that I know that previously to that time there were large quantities of notes sent to the Isles, both the Hebrides and the Orkneys and the Shetland; but I cannot pretend to say that the circulation was not gold. I rather think it likely that gold might circulate along with them; but I know that notes were sent to those places at that period, from the correspondents of our house.

You stated that you had a five-shilling note?—Yes, it is dated, “Tobermory, in the Isle of Mull, 9th January 1825. For want of change I owe you five shillings, and for four of these tickets I will give you a one-pound note.” The channel through which I received that note was from a person connected with one of the collectors of the excise or customs in the island; the revenue is partly collected in that part of the country in those evasions of the law.

Supposing the lowest denomination of note was 40s., would that put an end to the system of cash credits, and produce all the bad effects which you anticipate from notes of 5l.?—I will not pretend to give a direct answer to that question, because it would be to prophecy; but I am sure one of two things would happen, either the two-pound notes would still be found efficacious enough to keep out the sovereigns or the one-pound coins; and if that were the case the difference between the twenty-shilling and the forty-shilling currency must be made up in silver; in which case, for the purposes of the legislature, if their wish is to force gold into the country, the attempt would be nugatory, or sovereigns would take the place of the one-pound notes; in which event the whole of the reasons I have stated for our giving up the cash credits would apply.

In point of fact, your idea of a good system of banking for Scotland is one which necessarily excludes gold from circulation?—If I am to give my abstract idea of the system of Scotland I will go no further than to say, that our system is founded on free trade, and therefore that medium which results must be in currency by the common consent of the nation.

You have stated that the substitution of gold for one-pound notes might occasion a panic, now assuming a panic to arise in Scotland at present, and a general run to be made on the banks for gold, how would that be met?—The question assumes two things; it assumes that there is to be a panic, and it assumes that that panic is to lead to a demand for gold. I allow that such a panic might, by possibility, be created in Scotland; there is nothing that is impossible, though in the calculation of chances certainty would be against it; there has not been such a panic for a century; but if a panic were created in Scotland, and were not created against all the banks simultaneously, it would not show itself in a demand for gold.

The question supposes a desire to have gold for purposes which paper would not answer, assuming the banks to be all perfectly solvent?—Then it would be met by the banks paying in gold; although the quantity of gold in the possession of the banks be moderate, yet it is equal to any such run. A circulating medium is as necessary to the political existence of a state as food is to the human being; without a circulating medium we could not exist. A run, for purposes other than to try the solvency of the banks, can never show itself to the extent of destroying the circulating medium, which it is absolutely necessary to keep up. Our circulating medium is so economically used, it is so very small, it is kept down by our system of cash credits and our exchanges to so small an amount, that there is not a large sum in the hands of individuals over what is absolutely necessary. If any run were to take place in Scotland it is not conceivable that it should be a run for gold, that must be a run arising from distrust of the banks; if the parties are paid in property which will purchase gold they will be equally well satisfied as if they were paid in gold. When I say that the banks would pay in gold if there was a run, I mean that it is an impossibility that the quantity of notes presented to us for payment in gold should exceed the quantity of gold which we have ready to pay them; and I may add, that the surplus circulation of the country in notes is never scattered about among the private holders, but is invariably in the hands of the bankers themselves;

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themselves; if there is only a small sum, still it gets into the hands of the bankers, and they are not holders who will run upon one another for gold.

Have most of the banks property convertible into gold if it became necessary?—I should certainly say that any banker was in a very bad situation who had not.

Have the banks in Scotland that proportion of gold that if there was a general desire to substitute gold for paper, from any sort of political crisis, or any cause which made persons desirous of having a more tangible currency than that in use in Scotland, they could provide the gold?—If any such violent cause as an invading army were to cause a general distrust of the security of property, I think that in Scotland it would be shown not by a run for gold, but by a desire on the part of the public that the banks should keep their money. The only instance in which we have had experience was, in this way, that in 1715, when an army was in the country and was likely to take possession of Edinburgh, the bank shut up their doors, after having artificially caused a run to be made upon themselves in order to save them from the responsibility of having the gold in their possession; but the sensible part of their customers knew that the safest thing which could happen was to leave their gold under the protection of the bank, and it was shut up in the Castle, and they got the money, with interest, when the bank was opened again.

All the banks in Scotland have considerable deposits?—I should think so.

Can you form any notion, from your own experience and from the communication you have had with other bankers, of the amount of those deposits?—I think I may state the aggregate amount of the deposits, without fear of being far wrong, at the present time as exceeding sixteen millions, and not exceeding twenty-five millions; I should say myself from twenty to twenty-one or twenty-two millions.

Of that large amount in deposits, what proportion bears interest?—I am not aware that there is any deposit at the present moment without bearing interest.

They all bear interest?—Not necessarily, but they do at the present time.

Do you know whether it is the practice for persons who have small capitals in Scotland to invest them in the public securities in London, or to deposit them with the bankers in Edinburgh?—I believe, almost universally, to deposit them with a Scotch bank.

And they live upon the interest of what they so deposit, in the same manner as persons here live upon their interest on stock?—Yes, they often look to the permanent capital with a view to leaving it at their death, taking the interest during their lives.

A considerable part of the profit of the bankers in Scotland is derived from those deposits?—Accidentally there may be a considerable profit attending them, certainly there is a small and certain profit; incidentally there may be a very considerable, and there is at all times a fair profit.

Are the whole of those deposits demandable at any time?—At the present moment I rather suppose that they are, but they vary sometimes in the term of their being demandable.

How low do you take deposits?—Generally the course of our bank, and I believe every other, is to take deposits as low as 10*l.*; but I believe it is very rare indeed that a banker refuses four or 5*l.* I know deposits have been brought into a bank as low as 2*l.*; if the labourer begins with saving 2*l.* there is every probability that it will very soon increase.

What is the smallest amount on which you allow interest?—In the event of a person making a deposit of 2*l.* interest is allowed upon it.

Is not the rule only to allow interest on 10*l.* as the smallest sum?—No, the rule is to allow interest on every thing; and if no interest is to be allowed, the exception must be specifically made with the depositor. There is a limitation as to interest in this respect, that it is usual that bankers will not allow interest unless the money remains at least three weeks; but a banker does not always insist upon that.

Are you aware whether the saving banks in Scotland place their deposits in the public banks, or in the public funds?—I rather think they deposit them with Sir William Forbes and Company.

To what description of persons are cash credits generally granted by the banks?—They are granted to all descriptions of persons who have numerous transactions in buying and selling, or in other words, in receiving and paying.

Can you state the number of cash accounts granted by the several banks in Scotland?—I can give an estimate of them from knowing the amount of my own bank, and of many other banks whose affairs I know pretty well: I conceive that they cannot be less than nine thousand, and they cannot exceed thirteen thousand; I should suppose about ten or eleven thousand.

At

At what do you average them?—As far as I am able to judge, the average of cash accounts is under 500*l.*; but I beg leave to say, that if the Committee want to estimate the advantages of any part of our system, it cannot be done by average; the thing must be looked into minutely. If I were to say that the cash account averaged between 400*l.* and 500*l.*, it would naturally be supposed that the accommodation was chiefly given and payable to persons who required accommodation to that amount: now part of the great value of the system is that it goes down to 100*l.* and 200*l.*, and there are an immense number of accounts of that amount, which give accommodation to a class of people in a lower grade in society, and in a lower grade in point of capital, than we could afford it to, were it not for our system; at least, than I suppose we could afford it; because I know no other country where the poor man who has *pro tanto* equally good security to offer, can obtain the loan of 50*l.*, without joining in a bill transaction or doing any thing disreputable, with the same facility and cheapness as a richer man can obtain 10,000*l.*

What is the lowest sum for which cash accounts are granted?—I believe, 100*l.*

Is there any inquiry made by the banker, for what purpose the cash credit is to be used, before it is granted?—Yes, and those accounts are pretty much conducted on a point of honour: there are many things a man might legally do, that if he did, we should not deal with him; and therefore it is material to us to inquire minutely, not only into his general character, but into the manner of his trade; whether his trade is respectable, whether he is likely to use money as a dead loan, and to put us to any inconvenience if we wish to call it up, or whether the advances wanted will be only occasional and temporary.

You require two securities to each of those cash bonds?—Yes, generally, but not without exception. In every case we require, in the first place, absolute security; we are contented with two personal securities, people who are of undoubted property; if the account is to a large amount, or the securities are not so good as we would wish, it is common to have two, three, four, five, or ten even: sometimes they are granted on mortgage, sometimes on the security of stock; in short, there is no security which is absolute and permanent on which they may not be granted.

But you grant no account without the security of some other individual besides the individual to whom they are granted?—Yes, sometimes; but the country has been in an extraordinary state for some time. I believe, that till within this year or two, no such accounts were granted; but within this year or two cash accounts have been granted, to my knowledge, without collateral security, where the security itself was absolute and good, but very rarely indeed.

Have the banks had many bad debts in consequence of these cash accounts?—I literally hardly ever heard of a bad debt by a cash account. The bank of Scotland, I am sure, have lost hardly any thing in an amount of receipts and payments of hundreds of millions; they may have lost a few hundred pounds in a century.

Is it customary for the friends of a young man establishing himself in business to come forward to offer themselves as securities for him?—Yes, that is the manner in which the accounts are opened with persons who are not of large property.

Have you known of instances of those individuals interfering, if the individual was not employing the credit in the legitimate purpose of his trade, but in what they considered wild and foolish speculations?—I have known of instances; and I know that it is common for one of those sureties, seeing symptoms of what he thought wildness or improvidence in the party, to go to him and tell him he would withdraw his name from his cash account bond if that course of conduct which he disapproved of, either in general or in his trade, was continued.

The practical effect of which would have been to have induced the bank to withdraw the credit altogether?—Yes, if the bank had suspected what was the cause of the surety's withdrawing, they probably would have refused to continue the account.

Does not this afford a great moral check on the conduct of those persons?—Undoubtedly it does.

And has consequently led very much to the prosperity of Scotland?—Yes, I think, considering the number of persons bound to one another, or holding a moral check over one another, it cannot be doubted that it has had that effect.

Have there been many forgeries of bank-notes issued by the bank of Scotland?—There have been a few of them imported from Ireland; there has been a manufactory of them in Belfast. Whenever we have tried to prosecute and convict our forgers, we have uniformly found that they were merely the utterers—that they had purchased them in the market for them in the north of Ireland, and brought them over. There have not been many of late years.

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Have the banks incurred much loss?—No; the bank generally pay their own forged notes if they are in the hands of the public; they will not if they come through the hands of the clerks of other banks, because they think it a bad precedent.

If the small notes were prohibited from circulating in England, while they are permitted to remain in circulation in Scotland, would not the Scotch bank-notes of small amount find their way into circulation in England to a great extent?—I should say that as the trade in currency in the north of England would so far be free, that it was possible for people to choose between the notes and the gold, it might possibly take place, but I think there are a great many reasons why it should not. In the first place, the people there could have no direct interest in taking them; they would not be connected with Scotch banks, and by the act of Parliament which has just passed the Scotch bankers could have no feeders there for their circulation, for they could have no branches there. If there is any security, the Scotch banks can give more than their word that they would not indirectly attempt to put their notes into circulation there; they would be very ready to do it should Parliament require it. I think they could not go to any great extent, and that the bankers in the north of England might stop them by making a trifling charge on every payment they received in Scotch notes.

Are you aware that previous to the circulation of small notes in England there was a very large circulation of small notes from Scotland in the north of England?—I am aware of that, but previous to 1797 the bankers in the north of England were in the regular habit of coming down to Edinburgh to demand gold. Perhaps it was easier for them to do that than go to London; if so, they having actually an interest in a partial circulation of Scotch banks in the north of England, it must have been greater on that account than otherwise. I have been told by a banker in Westmorland, that he used to come down to Edinburgh and take away as many thousand guineas as he wanted; thus, while a trade of that kind went on it was the interest of the English bankers to permit it. I think they have the regulation of the matter in their own hands.

Have you any means of stating the increase or diminution of Scotch paper for the last two or three years?—I could give my conjectures; but I think, after the Return made to the Chairman of this Committee, it would be undesirable, as I may be mistaken.

Have there been any considerable fluctuations in the amount?—Yes, certainly very considerable.

Are you aware of the Returns made to this House in the year 1819, as to the amount of notes in circulation?—Our bank made a Return in 1822.

Are you of opinion that the system of banking in Scotland admits of very considerable fluctuations of the amount in circulation?—Yes, I think that is one of the excellencies of our system, that it admits of a circulation of our currency to correspond with the increased or diminished demand of the country, without risk and without expense.

Are those fluctuations periodical in the course of any one year?—They are generally periodical.

What do you mean by demands of the public?—I mean that we never issue notes till they are called for; if the persons who call for them mean to use them as representing capital they will not add to the currency; if they mean to use them as currency they may do it.

You were understood to say that they could not add to the currency of the country?—My statement was, that it was impossible for the banks to add to the currency in the first instance, the public may do so.

It appears by a Return to the House in 1819, that on the 25th of March 1816, taking a thousand as the standard of notes of the Royal Bank of Scotland in circulation in 1810, in 1816 the number was 333, but on the 22d of December 1817 the amount was 1,436, is that a degree of fluctuation which you think can be accounted for from a change in the state of trade?—I cannot help thinking there must be some mistake in that. I should like to have an opportunity of looking at a copy of the original Return, which I have got with me. I am quite aware that there are fluctuations in different months, but I think the bank of Scotland's were not to that extent. If it be true, I can explain it, but I would rather ascertain the fact first.

Supposing the paper circulation in England to be doubled, would that have any, and what effect on the paper circulation of Scotland?—I think that the doubling the currency of England cannot have any direct and immediate effect upon

upon our currency, but no doubt it might produce results that would come indirectly to affect it.

In what manner would it be affected?—The nature of the effect which it might indirectly produce upon the Scotch currency, must depend upon the nature of the causes which had produced the increase in the English currency.

And if those causes operated in Scotland there would be a proportionate increase there?—I meant that an increase of the English currency to such an extent would probably produce some effect or other on our own currency, but what that effect might be I cannot say, unless I knew the causes which had produced the increase to the English currency.

You cannot state whether any, and what effect would be produced by doubling the currency of England?—I can hardly doubt that some effect would be produced, but without reference to the cause it is impossible for me to state the effect.

If it arose from an increased price in England?—Inasmuch as prices in England and in Scotland must be identical, with the difference of the expense of transit, I conceive that our circulation must in that event be increased also. It is just barely possible that it might not.

Supposing all legal difficulties to the introduction of the Scotch system of banking in England to be done away, do you think such a measure would be practical and desirable so far as you can judge?—When I considered this subject first, I thought that it would be impossible to introduce the Scotch system of banking into England. I know a little of English banking, because I know many bankers, and have seen their system, but not at all well enough to say what the whole effect might be. The physical difficulties appeared to me so great, the extent of the country, the immense amount of the circulation, the immense amounts of the transactions, the difficulty of parties in one part of England being personally acquainted with the characters and circumstances of parties in another part of England, the impossibility of the local notes, supposing them to be founded on the best basis as to security, forming an interchangeable circulation, so that the notes in the north of England should circulate in the south of England, and that they should meet in a common centre, as is the case in Scotland, these and many other points that I did not see my way through, led me to think that the thing was impracticable; but as I have studied the subject of Scotch currency with more attention, I am now convinced that the same sound principles which have regulated our system so as to keep it correct for a century, not only during a change of times but during a change of men, (by which I am satisfied that the principle must be sound), that if the government of this country would only let the banking alone, and let it be free, it would be possible to have our Scotch system in England.

Assuming that it could be introduced, would not the result be that this country would have as small a metallic circulation in proportion to its transactions as Scotland now has?—I come here prepared to speak to Scotch banking, and therefore it is with great deference I would offer an opinion which hereafter I might think ill founded; at the same time I have no hesitation in saying that I think that the circulating currency of metal would be materially decreased from what it will be when this measure of abolishing one-pound notes is carried into effect. I do not think that the surplus quantity of the precious metals which form the real and available part of the property of the country in precious metals, when such dreadful times occur as we have seen this year, would be diminished; my impression is, that the quantity of gold in a state of currency would be perhaps as little as it is now, and would be much less than it would be, if the one-pound notes were abolished; but I have the idea strongly in my mind that the quantity of gold in the shape of commodity and not of currency, which is really available in case of distress, would be increased. I think that exceedingly likely, and I think that if you have a free trade in currency, as I am rejoiced to see you are likely to have in many other things, we should receive the benefit of a good system, and should have more gold. You would have greater facilities, that would create a set of dealers in the commodity, who would always be ready to supply that at a fair price; but I offer these opinions with great deference, and would not have brought them forward had I not been expressly asked.

Apart from the opinion you have now given, that we should have a large supply of gold as a commodity, assuming that it became the policy of the country from any considerations which it is not necessary to go into, to require a considerable metallic circulation, which must be an expensive mode of carrying on this currency, should you think it quite fair and proper that each portion of the kingdom should

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not bear relatively its own share of the burthen of providing that circulation, or in other words, that one portion of the country should be exempt from the necessity of having a metallic circulation, and another portion made liable to it?—I think that every part of the country ought to bear the expense of its own circulation, but I think too, that every part ought to be left free to choose its own circulation. If a metallic circulation in Scotland, for reasons to which I have adverted, would be a very serious loss to the nation, inasmuch as it would, notwithstanding all our efforts, produce a diminution in the power of production compared with consumption, that loss cannot be confined to Scotland—we are the same country—Great Britain must suffer the loss as well as Scotland, the loss would fall harder upon that country than it would upon this, because to take from a comparatively poor country is a much more severe thing than to take in proportion from a comparatively rich one. Providence has not been so bountiful to us as it has been to England: it is very well known that the power of accumulation in the Highlands or the Islands, a poor and extended country, is by nature very slow, and that it is not from want of industry or good conduct, or wishes to accumulate on the part of the people of that country, that they have not sufficient capital; but it is because of the physical difficulties which exist; and that without the assistance of their richer neighbours, they could not have gone on improving at all; if that assistance is withdrawn, the country must at least remain stationary; in all probability it will rather retrograde. I do not think a country can remain stationary; therefore, in answer to the question, I think that Scotland would bear far more than her share, under these aggravating circumstances; that except from a vague idea that certain things might possibly happen, Scotland would really not even appear to require that which it is assumed that she does—a metallic circulation. I cannot conceive any man denying that the advantages Scotland has derived from a paper circulation have been great; look at Scotland previous to and after the mercantile convulsions which have taken place in it; look at it before 1820; look at it before 1814 and 1816; and I know from knowing the people who were engaged in the same pursuits in which I now am, at the periods before 1802, 1797, 1793, and I believe 1782 and 1772,—I say looking back at those periods as a matter of history, the temporary evil is entirely lost in the prodigious advance which has taken place in the country in real wealth. I say we have become a rich nation, only comparatively however with what we were, because our accumulation has been rapid, our consumption not nearly equal to it, and our national losses have been comparatively trifling, they are exactly those losses which every merchant must expect in balancing his books to have to deduct from his net profit; therefore I should say that it was perfectly reasonable that Scotland, which has shown herself capable of availing herself as an integral portion of Great Britain of the benefits of a paper system, without injuring the other portions of the empire, should be suffered to retain it till it be shown that some very serious loss will be the result of making no alteration. I should submit that the annual expense of keeping a few millions of gold dead in Britain being lost by it, is not a sufficient ground. It is a mistake to say that it is a balance of profit as between Scotland and England; it is a question as between Scotland and Great Britain, and I do think that to force the change would be one of the hardest things possible, looking at it as a political economist, and contrary to principle; because, after all, what is the use of a circulating medium? what is the use of money? we all know it is not for the money itself that we acquire it, but for money's worth; it is the accumulation of commodities, not of money as a currency, that enriches a nation, and after wealth is acquired in commodities there are steps beyond that—the morality and prosperity of a happy and contented population are the great objects of the true political economist. Here is a country where these things have gone on progressively—look at Scotland before we began our cash account system, and before we began to issue our one-pound notes; and what was Scotland before 1704, when our one-pound notes were first issued, and before 1729, when the cash accounts began; and can it be said that the country has not gone on well? would any one consent to destroy a system which goes to permit that, in order to save five per cent on a few millions of money to Great Britain? I should say it is reasonable and proper that Scotland should be allowed to hold that at the expense of Great Britain, for Great Britain would derive a benefit from it. If the object which the government has in view in proposing to do this in Scotland, is to oblige Scotland to keep a certain quantity of gold in it, I should say rather put it in this form—say to Scotland, and let the plan be arranged, “You must take down two millions of gold and keep it there, and let it remain there;” and it would be far better for Scotland to purchase two millions

millions of gold; and to pay the interest on two millions of capital, than that the present state of things should be interfered with.

Would the banks in Scotland do that?—I have no hesitation in saying that it might be done by the country, if it came to that, as a minor evil, if it were to save the country from a greater one.

Do you not think the same observations as would apply to Scotland would be equally applicable to England, and that England has gained more by the system of paper currency in a general sense than counterbalanced any loss which may have accrued to private individuals from the failure of so many banks issuing paper?—Yes; although I did not come here to speak of English banking, I do think so decidedly. If the trade of furnishing British currency were without restriction, the advantages could be had without the disadvantages which have accompanied the monopolized and restricted trade.

Is your objection to the introduction of specie into Scotland in any degree owing to an apprehension that it may introduce panics into Scotland?—I think it would break up our system; our system secures us from panics, and, *pro tanto*, we run a risk of panic being introduced.

May not the system of introducing specie to supply the place of small notes lead the public to look to the payment in specie by the banks as a criterion of their state of solvency, in place of looking to other circumstances, as they do now?—Yes; and I think that by doing so it would be leading the public into an error. It cannot lead those persons who have the means of understanding what the solvency of a bank really means to fall into that error, but it might lead the public, and I look to that as one reason for the possibility of a panic.

Would not, then, a demand on Scotland for part of this specie, to meet a great demand on England, possibly lead to similar panics in Scotland as have prevailed in England?—I do not see how England could demand specie from Scotland, because England owes Scotland money; and you cannot demand from your creditor, but from your debtor.

Suppose the state of foreign exchanges be such as to require a great export of specie from England, and that Scotland had its small notes supplied by specie; would not such a demand on England extend itself to Scotland?—There could be no demand upon us for specie, except from those who were our creditors; the debtor cannot demand.

Are the Committee to understand, that in your opinion the advantages which Scotland derives from the power to issue one-pound notes (from which power you state it derives the whole of the cash credit system) are such, that you would gladly purchase the power of issuing about 1,800,000 *l.* of one-pound notes, by having constantly in deposit two millions of gold?—I do think that it would be for the interest of the country to pay a sum equal to the interest of two millions of gold, rather than have the one-pound note circulation abolished by law.

If by law one or two-pound notes were abolished, and their place supplied by a sum of 1,800,000 *l.* or two millions of sovereigns, is it your opinion that the circulation would be kept up there, or that it would be necessary to draw fresh supplies from England?—The very idea of circulation makes it clear that fresh supplies must be drawn; because the banks being the depositories and the feeders of the circulation, must always have some stock on hand, even when the circulation was at a maximum; the rate of exchange being in favour of London, no man who has lived in Scotland can doubt that the currency of gold pieces to the value of 20 *s.* will insensibly verge towards London.

If the circulation of Scotland requires those one-pound pieces, why should they necessarily verge to London?—Because there is a difference of nearly a quarter per cent in favour of the London currency, and under a system of freedom, currency will necessarily go where it is most valuable; and although the determination might not be so instantaneous as if it were sent up in large sums, I am satisfied it would go.

Do you find it necessary to draw supplies of silver from London, to keep up a supply?—Yes.

Do you think that difference of exchange would continue after the circulation of Scotland was reduced to the lowest possible stand?—Yes, I do.

Do you think the rate of exchange in London would more than counterbalance the difference of currency?—I am not supposing a rise of exchange; that is the exchange at this moment.

Might it not be reversed if the currency were reduced?—No, it could not; I do not contemplate a reduction of currency.

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Do you think that there might be a fluctuation of exchange between England and Scotland?—I think not, because we are the same country.

Are you aware that up to the year 1770 there was a regular fluctuation of exchange between England and Scotland?—Yes, a fluctuation, but not a regular one.

How was that fluctuation of exchange got rid of?—It was got rid of by competition bringing the rate of exchange to that which afforded a fair profit and no more.

The guarantee at present existing against the recurrence of fluctuation consists in an arrangement among the bankers to prevent it?—No, it consists in the freedom of our trade, by which capital can compete with capital, and the effect of that is to bring the rate of exchange down to that which affords a fair rate of profit, and then it can get no lower, and the competition prevents its getting higher.

Do you think that it would be possible for the bankers of Scotland to issue paper to such an extent as to produce an unfavourable exchange to Scotland?—The banks of Scotland cannot add any paper to the currency which the public do not call for, and the public do not call for currency but when there is reason to demand it.

Is not the active check on your over issue, the established practice of drawing at par on London?—Virtually the active check, or I should say the actual check, which prevents, in the notes issued by the bankers in Scotland, any excess over the circulation fairly demanded by the country, is that twice a week he must pay the notes presented to him at the exchanges, in the currency of London, and the cash credit system throws into the exchanges all the spare currency of the last few days preceding.

Mercurii, 19^o die Aprilis, 1826.

THE RIGHT HONOURABLE ROBERT PEEL,

IN THE CHAIR.

Thomas Kinnear, Esq. again called in ; and Examined.

Thomas Kinnear,
Esq.

(19 April.)

DO you wish to make any addition to the evidence you gave on a former day?—Yes, I wish to make many additions to it, but I wish them to be drawn from me by questions.

In what way do you think the prohibition to issue notes under 5*l.* would operate prejudicially to the interest of Scotland generally, independently of any inconveniences which you may have fully stated upon a former day?—For the details, as far as I have stated them, I refer to my evidence. The general answer is, and it includes a great many details that I have not stated, that it will break up the system of banking, and so prove prejudicial to the country.

How would it operate to break up the system of banking?—There are so many ways, if I come to details, that it is impossible to condense them in one answer; the way in which it would operate, through all its details, is by preventing a free competition, in the first place, in the use of capital; and, in the second place, in the trade of dealing in that which is the currency of the country.

Do you mean to say, that if a gold currency be substituted for a paper currency below 5*l.* there will not be a sufficient profit to the banker upon the making his issues, either upon cash credits, or in any other mode in which his issues are made, to induce him to carry on his business as a banker?—I meant to say so of that part of his business which consists in supplying the currency.

You state that it would break up the system of banking; the Committee want to know the manner in which you conceive it would break up the system of banking?—I must then go over the whole ground that I went over before.

Independently of the inconveniences which you have detailed on a former day, what are the other evils which you conceive would arise from an obligation imposed on the banks to issue sovereigns instead of notes below 5*l.*?—I have already stated that, in my opinion, the cash account system must be given up. I have already stated my opinion of the effect of breaking up the system of cash accounts; I have stated the effect of it upon deposits; but I do not recollect that I have been questioned upon the effects which it would produce as to the branch system.

Will

Will you then confine yourself now to the effects it would produce upon the branch system?—At the branches, the Scotch banks business is divided systematically into the same two parts into which I have already described that it is divided at head quarters. At the branches, that part of the business which consists in dealing in capital could not exist without also that part of the system being carried on which consists in dealing in or in supplying the currency of the country. I speak of branches generally, and more particularly of those branches which are in remote and poor parts of the country, where capital is accumulating, but where it is accumulated only to a small degree. There are exceptions certainly, and a great bank might retain its branch in a neighbouring large town, where the trade of dealing in capital is nearly quite or more extensive than at head quarters; for instance, the bank of Scotland, as far as I am concerned, would be inclined to continue a branch at Glasgow, although it would withdraw its branches from distant and poor districts. The reason I do not mention a particular branch in a poor district is, because I think it better that it should not go to the public that I name a special and particular branch, which it is my opinion we should withdraw, or else I could easily do so.

Is there any branch bank in the island of Mull, or in the isle of Sky?—Not to my knowledge, and I do not think there could be one without my knowing it; but the Returns which the Scotch banks have made to the Committee will show.

How is the circulation of those islands supplied?—That I cannot answer of my own knowledge certainly; but I believe it is almost entirely in one-pound notes, probably very few of a larger description.

How do the one-pound notes get there, and how are they retained there?—As I am not intimately acquainted with those countries, I cannot tell how they get beyond the branches to which the banks send them for the purpose of feeding the supply; I know that they do get there. The bank of Scotland sends its notes to Fort William and to Inverness; the Renfrewshire bank sends its notes to Inverary, and so of others, knowing that they will get further into the country, but how they get further I do not know; but they do not remain there.

Do not they remain there in such a quantity as is sufficient for conducting the circulation of that part of the country?—No, they do not.

Do you know in fact that they do not remain there?—I do not know it of my own personal knowledge; I know it in this way, that a part of the country is supplied from our branches to which I have alluded, that we are constantly forced to supply those branches with small notes in consequence of the demand, that those small notes return and appear at Edinburgh; how they come back, I do not know, because the determination of the circulation to head quarters is so gentle and so steady and progressive, that you cannot arrest it at any point, and say here is the thing going on, but I see the effect.

Do you apprehend that there are any periods when the islands which have been mentioned, have been left entirely without any circulation of any kind?—No.

Did you not say, that there was a period when there was not a sufficient circulation in them to conduct their concerns?—No; when I said that the circulating medium does not remain there, I meant that the identical notes do not remain there.

That is to say, that there is a constant influx and reflux of notes, but that a quantity sufficient to conduct the internal circulation of those islands remains there; but that the particular notes of which it consists are constantly fluctuating?—The particular notes of which it consists are constantly circulating between the head quarters, the bank to which they belong, and the extremity of that district where they are circulated.

Supposing there were a gold currency established in Scotland instead of bank notes, do not you apprehend that that gold currency would find its way to the remote districts of Scotland, for the purpose of supplying the want of internal circulation in those districts, precisely in the same way in which the one-pound notes now find their way into the islands of Mull and Sky, where it appears there are no branches established?—They could not find their way through the branches I have mentioned, if those branches were withdrawn; but no doubt the circulation would find its way there from the principle of demand and supply, only the degree to which that principle could apply would be materially diminished from the want of the banking system, which at present promotes the circulation.

Do you conceive in those parts of the country where there is no branch bank established, that agricultural improvement is more tardy than it is in those other districts where branches are established?—Yes, I do; but I am not a farmer, and

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Thomas Kinnear,
Esq.

(19 April.)

cannot speak to that of my own personal knowledge; I believe that it is so from my general knowledge of the country; I am told that it is so.

Are there not many parts of Scotland where the means of procuring issues upon cash credits do not exist?—Happily there are not many, but there are a few.

Do you conceive, that, without exception, those parts of the country where such facilities do not exist, are more backward in point of improvement than those parts of the country in which such facilities do exist?—Yes, I do; and I believe it to be so, because wherever those facilities do exist, if the people do not avail themselves of them, it must be because they possess still greater facilities, or possess capital of their own.

What are the greater facilities that you allude to in the last answer?—The only facility to which I meant actually to allude was the possession of capital; but I think that there may be other facilities, and what I meant to say was, that if men wanted money and wanted currency, both of which are supplied by the system of cash credits, if they do not avail themselves of that supply to their wants, they must possess greater facilities, and so be enabled to do without them.

What are the reasons that induce the banks to establish branches in those remote and poor districts?—In point of fact, the reasons that the bank of Scotland established the branches which we have done, are, that the subject in the first place was brought before us at Edinburgh, by an application from the leading people in the district where we were requested to establish a branch.

Is it usual for the inhabitants of poor and remote districts to apply to the large banks at Edinburgh to establish branch banks in their neighbourhood?—It is; it is so much so, and so steadily has the bank of Scotland at least acted upon the principle of not establishing a branch until it was actually demanded by a written letter, or at least till they were told by the leading people in the district that it would be a benefit, that one of the first resolutions upon the minute book of the bank of Scotland is, that no branch shall be established in any burgh unless application be made from the same.

Have you ever known any instances of those branches being withdrawn from those remote districts, after being so established at the request of the inhabitants?—Yes, I have; and long before my recollection that has repeatedly occurred. It did not strike me when I left home, or else I should have made a point of having the information: if the Committee wish to have the information, they may have a list of those branches which, within the last hundred and twenty-five years, have been successively established and given up.

Were those given up on account of the small amount of business that was done by them, or from any other cause?—With respect to those that are beyond my memory, I cannot say what was the cause; but those that have been given up within my recollection, in point of fact, were given up in consequence of the town in which that branch had originally been established having accumulated wealth to such a degree that it could afford a banking capital of its own, and that it had in point of fact established a local bank; then the connection of that local bank went so strongly against ours by fair competition, that we found we could employ our capital to better purpose elsewhere, and gave up the branch.

Have you established any branch in any part of the country, in which you did not think the establishment of it would be profitable to the bank at head quarters?—Certainly not; but we are in the habit not of looking to that sort of profit to which tradesmen are sometimes apt to look, I mean immediate profit. The directors of the bank of Scotland (and I say that because I can say it as a fact, but I do not mean to assume any praise for them, I think it is the case with every Scotch bank) are in the habit of sitting down and calculating that they will lose by those branches till the improvement they shall effect in the country shall produce a greater accumulation of business that will make them gain; and I consider that is the proper view to take of the interest of the bank.

For how many years have you ever continued a branch in a certain district of country in which there continued to be an actual loss in consequence of the establishment of that branch?—It would be impossible for me to answer that in point of fact, because we do not keep the accounts of profit and loss so minutely as to answer that; but my idea is, for very few years indeed; because we have hardly ever failed, though we have occasionally, in the experiment of establishing a branch: it has uniformly happened, that that which for the first year or two was a bad concern, becomes a good one. I should say, that it could seldom happen that a branch bank well conducted could exist many years, or more than two or three, in a district of country, without its beginning to pay itself and to produce a profit.

Do you establish branches with reference to any other consideration than the profit

profit either immediate or ultimate of the principal bank?—I know how apt people are to be doubted when they attribute to themselves a superior motive; but I do not hesitate to say that banks do, they look upon the benefit of the distant parts of the country as a thing which it is our duty to consult, if we can do it without injury to ourselves.

What is the point farthest north at which you have a branch bank?—The point farthest north at which the bank of Scotland has a branch bank is Inverness, but there are many farther north than that, of other banks.

Has the bank of Scotland had applications from the county of Ross-shire or Sutherland, for the establishment of branch banks in either of those counties?—I do not know.

Supposing such an application to be made, and that it should be alleged that very great local benefit would be derived from the establishment of a branch of the bank of Scotland in that part, if the Committee understand you rightly, in that case the bank of Scotland would not hesitate to establish a branch for the sake of promoting the general improvement of the country?—The mere allegation would not induce us, we should examine into the circumstances, if we found that what was alleged was true, we should know that it could not be true without its at least saving ourselves from loss, and possibly giving us profit; and, therefore, we should first examine into the truth of the allegation, and if we found that there were reasonable grounds for it, probably we should establish the branch.

Do you conceive Northumberland to be in a less advanced state as to general improvement than Scotland?—Northumberland is in a less improved state than some parts of Scotland, and in a more improved state than others; but it is difficult to compare a country with a county. I can name one point in which it is behind us in improvement, but, perhaps, that is not the fault of the county.

In what respect is it behind Scotland?—In the system of banking.

The Committee only named Northumberland, because it is the county farthest north, and immediately bordering upon Scotland; but taking any county in Scotland in which the natural fertility of the soil may be considered to be about upon a par with Northumberland, do you conceive that generally speaking those districts of Scotland are in a more improved state than the county of Northumberland, not with regard to the system of banking, but with regard to every other consideration?—It is so general a question that I find it difficult to answer it.

With regard to agriculture for instance?—I have already said that I am not a judge of agriculture; but my belief is, that the county of Northumberland is one of the good agricultural counties of England; if you will take a more favourable case, I think that our farming is better than that of the county of Northampton.

Do you think that the county of Northumberland is in a less advanced state than Scotland as to trade and manufactures?—There again it is very difficult to give such an answer as I would wish to give; you cannot compare the manufactures of Northumberland with those of Scotland. If the Committee wish me to give an answer, it must be most decidedly a negative one as to manufactures, because there are no manufactures in Northumberland that you can compare with those of the best manufacturing parts of Scotland. I cannot establish a correct comparison as to trade, there is a particular trade in Northumberland which is in a much more forward state; and Northumberland I think, for its extent, probably possesses an accumulation of wealth greater than is possessed by any district of Scotland similar to it in soil and climate, and in the advantages of nature, to which allusion has been made.

Does the system of advancing money upon cash credits exist in Northumberland?—I cannot answer as to English banking precisely, but I suppose that the bankers in Northumberland, as I know some of them that conduct their business exceedingly well, will give accommodation to their customers in that way in which they can do best; I believe that the system of cash credits does not exist there.

When you say that the principal banks would be obliged to discontinue their branches, supposing they were obliged to make all small payments in coin, the Committee presume you mean that the profit derived from those branches not being sufficient to defray the expense of them, would lead to their discontinuance?—Yes, I do; the permanent profit likely to be derived from the employment of capital at those branches would not appear, I think, to be so great as that which might be derived by the employment of capital in another way; and the risk of conducting the business after it was reduced to the trade of dealing in capital without the dealing in currency, would increase as the profit diminished.

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Thomas Kinnear,
Esq.

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Thomas Kinnear,
Esq.

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In trading in capital now you cannot receive more than five per cent as the rate of interest upon the issues you make; is not that the limitation by law?—The limitation by law of simple interest is five per cent.

You have stated that the amount of deposits with banks in Scotland may be estimated at about twenty millions sterling, and that you allow upon those deposits an interest of four per cent. And you have also stated that the amount of one-pound notes in circulation may be estimated at 1,800,000 £.; the profit upon the circulation of that amount of notes estimated at five per cent would be 90,000 £.; but assuming the expense of stamps and other charges to be 30,000 £., the net profit consequently may be taken at 60,000 £.; now if, instead of allowing upon the twenty million of deposits four per cent, that rate of interest were reduced to three and a half per cent, would not the banks find in that diminution of interest full compensation for the loss which they might sustain by the withdrawing of the one-pound notes, and the substitution of a gold currency in their place?—If the banks procured their profit from dealing in currency, by being supplied with capital to carry that on from the deposits which they received, a diminution of the interest which they pay upon those deposits might be put into competition with a diminution of the profit which they receive upon circulation; but I have already stated that the two branches of a banker's trade differ in principle, and I think that a Scotch banker, who bottomed his circulation upon his deposits at all, would not be justified, and that it is not a question of profit or loss, but a question of principle.

What do you mean by bottoming his circulation upon his deposits: the question refers to making advances upon cash credit, which is lending capital?—By bottoming a circulation, I mean that a bank which had a capital of its own to the amount of one million sterling, would not be justified in circulating notes to a greater amount than one million sterling; and that if it did, and had deposits to make up the excess between one million and the amount of its issues, that would be bottoming its circulation upon the deposits.

Would not the reduction of a quarter per cent of that which you pay on your deposits compensate the loss you would sustain by issuing coin instead of paper on cash payments?—It would not compensate to the banker the disadvantage which he would suffer from it.

What is the pecuniary profit which a banker derives from the issue of one-pound notes?—The pecuniary profit which he derives from one-pound notes is the gross return which he can receive upon capital, minus the expense of management.

Upon the capital of those notes?—Yes; the amount, as measured by the amount of the notes.

Then, supposing the notes to be 1,800,000 £., what do you suppose to be the expense of management?—It is a mere supposition, even the expense of stamps varies according to the economy and care with which you can use your notes; I think about one and a half per cent per annum. Supposing the gross profit to be five per cent, about one and a half may be deducted for the expense of management, and that will leave the net profit about three and a half per cent.

Then, according to that estimate, the net profit upon the circulation of one-pound notes in Scotland may be taken at 63,000 £.?—The net pecuniary profit to the bank may.

What would be the net saving to the banks upon paying three and a half per cent instead of four per cent upon twenty millions of deposits?—It amounts to 100,000 £.

Then in what way would the business of banking in Scotland be injured if, by the suppression of one-pound notes, the bankers were deprived of a profit amounting to 63,000 £. and were compensated by a diminution of charge upon their deposits to the amount of 100,000 £.?—The business of banking in Scotland would be injured in consequence of the suppression of one-pound notes, by the destruction of that part of our business which consists in supplying the currency of the country, otherwise I allow that we should be at liberty to deal in capital; and if the rate of interest upon deposits were to fall while the power of continuing capital at the same rate were to continue, of course it would not injure us in that branch of our business at all. I never intended to say that taking away the one-pound notes would injure bankers in the power of dealing in capital; we should certainly be on as good a footing as to the power of dealing in capital as others. It would destroy the other part of the business, namely, the making and supplying the currency of the country.

What advantage do you derive from making and supplying the currency of the country beyond the profit of the notes which are in circulation?—The advantage

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we derive, beyond the profit of the notes in circulation, is, that that power of supplying the currency of the country is the foundation of our sound and wholesome system, which relieves us from the danger that we see existing in neighbouring countries in the same trade.

If the interest on deposits were reduced half per cent, is it probable that you would continue to have twenty millions of deposits?—Yes, it is; but only provided the capital of the country continued in the same superfluity in which it is now.

Must not it depend upon a fall in the general rate of interest?—If the fall be general the competition will keep the capital nearly where it is.

If there was no fall in the rate of interest, and you only chose to give as the rate of interest on deposits half per cent less than you have been accustomed to do, would you then continue to have deposits to the amount of twenty millions?—Most decidedly not; because the customers would remove the money to where they could get a fairer interest for it.

Is four per cent the rate at which the bankers in Scotland have generally allowed interest to the depositors?—In looking at the system for a century back I can hardly say generally, because the rate has fluctuated exceedingly. During nearly the whole of the last war the usual rate with bankers was to give three per cent for money lying for six months, and four per cent if it lay longer than six months.

What was the current interest they allowed during the year 1825?—In 1825 the country was in an extraordinary state from the superabundance of capital; and for the first time in my recollection, the Scotch bankers had deposits upon the same footing that London bankers have them, without paying interest at all, from particular customers. That was a very extraordinary thing, and I do not think it is likely to happen again; there were a variety of rates, from two and a half per cent to those deposits upon which nothing was allowed: they were made by special agreement, during the singular circumstances in which we were placed.

Do the banks in Scotland consider themselves liable by law to pay their notes in coin at their respective branches?—Certainly not.

Their notes are payable only at the head quarters of the bank?—They are only payable at the places where they are dated.

If a law were passed to oblige the banks to pay their notes in coin at their several branches, could they continue branches in the remote and poor districts of Scotland?—In point of profit I think they possibly might, but even that is doubtful; but in point of prudence, I rather think they could not; because the banker would be at head quarters with the responsibility resting on him, of being by law liable to be called to pay his notes in gold at fifteen or twenty different points; and I do not think that the branch system would apply to that. You must have the master at the head of the establishment wherever the responsibility of paying the notes lies. I rather think we could not continue our branches.

Do you exchange five-pound notes for one-pound notes, when demanded at the various branches?—Certainly.

Do you keep a stock of one-pound notes at your various branches for that purpose?—Yes, a very large one comparatively with the five-pound notes.

If one-pound notes were abolished by law, would it be necessary to keep an equal number of sovereigns at those branches, for the purpose of exchanging your five-pound notes?—No; not an equal but a greater number of sovereigns, in proportion to the number of five-pound notes.

Why would that be necessary?—Because the bad consequences that might occur to any bank, from an accidental refusal or want of ability to exchange in gold, would be a different thing from the consequences which may no doubt frequently occur from an over demand for small paper, which we cannot answer. In the one case, the agent has only to say to the demander, "Really, I have run out of one-pound notes;" but that would be a very awkward answer to give as to gold; I think it might go against our credit, and therefore a prudent banker, if he did keep the branch, would keep so large a stock of gold as to have it beyond any risk of exhaustion, in case he should be called upon to give gold in exchange for his notes, from a perfectly fair motive, the desire of getting small money.

If it is your opinion, that the banks would require to keep a large stock of gold for that purpose at their branches, would not the abolition of one-pound notes have practically the same effect, as if the legislature were to oblige them to pay their notes at their various branches in gold?—Yes, I rather think it would, in so far as both measures strike at the branch system; but I cannot say with certainty that it would.

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Thomas Kinnear,
Esq.

(19 April)

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Thomas Kinneir,
Esq.

(19 April.)

You have said that your circulation is not bottomed upon the deposits you receive; do you derive profit upon your deposits otherwise than by the discount of bills and giving cash credits?—Yes, we do.

Would not twenty millions of deposits authorize, upon the banking system, a circulation of small notes to the amount of 1,800,000 *l.* which you say is the circulation in Scotland?—No, twenty millions, or any greater quantity of money put as deposits into a banker's hands, would not authorize him to proceed upon that deposit, as if it were his own capital.

That is upon the supposition that it is not permanently there; but taking twenty millions to be the general average of the amount of deposits, would it not then authorize a circulation of small notes to the amount of 1,800,000 *l.*?—I am of opinion that no variation, in point of degree in the amount of their deposits, would authorize the banks to act upon an unsound principle.

Supposing that remained there as the average amount of the deposits?—It may be taken out upon demand.

Then twenty millions of money, upon the banking principle, is a sufficient sum to authorize a circulation of 1,800,000 *l.*?—If it be invested in the stock of the bank, if it be made into banking capital, it would be certainly; but while it remains not in the shape of stock, but in the shape of a deposit payable on demand, it is not, it is a sandy foundation.

What is the nature of the profit you derive from your deposits, exclusive of the discount of bills and cash credits?—The nature of our profit on deposits arises from our occasionally dealing in securities, which involve a great deal of personal attention, trouble and watchfulness, and which pay a higher rate of profit. Every monied man knows the variety of securities in which he can employ his money.

Do you derive any other advantage from the deposits than its affording to the extent to which it goes a supposed increase of your capital?—We do not suppose it an increase of our capital.

Is the capital of the bank of Scotland fixed by act of Parliament?—It is.

What is the amount of the capital of that bank so fixed by act of Parliament?—The amount paid up is one million sterling; the amount which the directors have it in their power to call for in addition, by act of Parliament, whenever they choose to do so, from those proprietors who have already paid up one million, is half a million.

Do you know the capital which is required by the charter of the other two banks?—The Royal Bank has paid up the whole capital which can be demanded, which is one million and a half sterling; the British Linen Company has paid up, what I believe is the whole of its capital that can be demanded, 500,000 *l.* There are two other great banking companies whose capitals are known, the Commercial Banking Company, and the National Banking Company, whose capitals actually paid up amount, one to 600,000 *l.*, the other to 500,000 *l.*; and each of those companies have regularly signed and executed deeds and contracts by which the subscribers are liable to be called upon by the directors, without further than a reasonable notice, for an additional amount of capital, which I think I am right in stating to be, in the one case, 2,400,000 *l.* in addition, and in the other 4,500,000 *l.* in addition.

Then the amount of capital that is paid up upon those five banks amounts to 4,100,000 *l.*?—Yes.

Were they 100 *l.* shares originally?—The shares of the bank of Scotland were originally 100 *l.* Scots, which is equal to 83 *l.* 6s. 8d. sterling; the Royal Bank and the British Linen Company have shares of 100 *l.*; the Commercial Bank and the National Bank are, I think, in shares,—the Commercial Bank of 500 *l.* and the other of 100 *l.*

What is the price in the market of a share of 83 *l.* 6s. 8d. in the bank of Scotland?—Previously to my having left home there had been very few transactions in bank stock. I think that the last price was about 200 *l.*

What is the dividend upon an original share?—We keep our stock divided into sums of 83 *l.* 6s. 8d., but nevertheless we calculate our dividends upon 100 *l.*; we purchase our stock by the shares, and we pay our dividends per cent; at present we divide eight per cent, that is, 8 *l.* annually on each 100 *l.* of stock.

When the bank of Scotland was first instituted, was there any legislative regulation similar to the bank of England monopoly?—The bank of Scotland had an entire monopoly.

In what way was that monopoly granted to it?—It was granted by the Scotch Parliament

Parliament in 1695; and confirmed at the Union in 1707; it was in force for, I think, 20 years, and was this, that no other banking company should carry on the trade of banking in Scotland.

How long did that restriction last?—It lasted till the expiration of twenty or thirty years from the date of the act, and it was several years after that before another banking company started.

Did the bank of Scotland make much progress in issuing paper during that period?—No, the bank of Scotland's business during that period was limited to dealing in capital almost entirely; its circulation was very small.

Is it considered that that restriction kept down the progress of banking?—I have not heard other people talk on the subject; my impression is, that it did so.

At what period did the present system first take root and expand itself?—The system may be said to have taken root as soon as there was a competition between two banks, that took place in the year 1728; between that time and the year 1750, or 1751, the competition went on between those two. The system may be said to have expanded when about that time some provincial banks originated; soon after that the British Linen Company began to issue notes, and the competition became general.

How many banks have failed in Scotland since the first formation of a bank there, since the year 1695?—Two.

What banks were they?—They were the Union Bank of Falkirk and the Merchant Bank of Stirling.

What was the case of the Ayr Bank?—The Ayr Bank's case was that of a solvent bank, which, from bad management, was forced to suspend its payments, and which paid with principal and interest at no great distance of time.

Did the Falkirk Union Bank pay up the whole of its debts?—No; there was a loss by the Falkirk Union Bank.

Do you know what rate they paid in the pound?—The Falkirk Union Bank have, I think, paid 9 s. in the pound, but their affairs are not finally wound up.

In what year did they fail?—The year 1816.

What was the amount of the debts of the Falkirk Union Bank?—The amount of the company's engagements at the time they suspended their payments, including their notes in circulation and the current balances in their hands, amounted to about 51,000 l.; that was about the total amount claimed from them in any shape, on which they paid, I think, 9 s. in the pound.

Has the Merchant Bank of Stirling paid its debts?—No, the Merchant Bank of Stirling did not pay its debts; there was a loss by them. The memorandum that I have is to this effect, that the claims upon the bank, including its circulation and all its current balances on the part of the public, were amounting to about 50,000 l.; that their funds realized were about 59,000 l. but that the expenses of management were so great as to bring the net proceeds of the estate to be unequal to discharge the demands; I cannot say how much they paid, it was 10 s. or 11 s. in the pound. I believe.

Do you consider that the banks act upon a principle of combination in Scotland to extend and keep out paper, or upon a principle of rivalry in checking the issues of each other?—It is well known that the banks do not act upon a principle of combination, and that they act upon a principle of rivalry; and that our business is to keep the circulation of each other as low as possible, and our own as high.

Have such facilities been given to any districts from those rival branches, as thereby to occasion failures from time to time of those that they have accommodated?—No, certainly not, from the sort of rivalry that I was talking of just now, because that related exclusively to circulation.

Supposing you were obliged to discontinue your branch bank at Inverness in consequence of an obligation to pay in coin, do not you think it probable that the place of your branch bank might be supplied by some original establishment there?—Undoubtedly; I think if there was a surplus capital in Inverness equal to all the trade of the place at present, and so much more as to be equal to the banking trade also, probably soon, if the banking trade of Scotland were left free, there would be a bank established there; if it were not left free, I do not know; but my opinion is, that there is sufficient proof before me that there is not that capital at Inverness, because there are branches there, and there are no other banks.

How do you account for it that there are four banks at Dundee, is there such a surplus of capital at Dundee as to call for the establishment of four distinct

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banking establishments?—I believe that Dundee is a very much richer town, indeed, than Inverness; I think there is as great a difference as to account for that. The country about Dundee is a much richer country. It is fair to remark that those banks are, strictly speaking, COUNTRY banks, and not country-town banks only; Dundee affords the banks for Angus and so on, they take the country along with them. A number of the country people are partners in those banks.

Have the bank of Scotland a branch at Dundee?—They have not.

Why have not the bank of Scotland a branch at Dundee, as it is so flourishing a place?—The reason that the bank of Scotland gave up its branch there was, that it did not pay; and the reason that it did not pay was, that the local banks ruined its business by their local connection and competition.

Do not you apprehend that the consequence of reducing the number of branch banks, established at different parts of Scotland by the principal banks in Edinburgh, would be the establishment of new banking companies in many of those districts from whence the branches were withdrawn?—I do; but I think it would facilitate the formation of banks with a capital so insufficient, that they could not have competed with the branch banks; and that is one of the evils that would occur to the country from withdrawing the branch banks, that the great capital would not compete with the small, and we should be permitting a foundation to be laid for those insufficient banks, which I have heard exist in England, begun by people of too small capital.

Do you conceive that the country derives any advantage from the establishment of branch banks, which it would not derive from the establishment of solvent and respectable local banks?—Directly, comparing the one with the other, the inhabitants of the country I apprehend do not; but the country itself derives this advantage from the free competition of capital by branch banks, that it is a security against a weak country bank being established, or getting any business; when I say weak, I mean poor, without sufficient capital.

The question refers to a case in which the power to establish branch banks would still be left, it is not proposed to take away the power of the Edinburgh establishments to establish branch banks, provided the discredit of any local establishment prevented the free circulation of its notes?—No; but you would by taking away the one-pound notes cripple our profit so much in that particular branch of the business, and our convenience in every part of it, that like every other monopolized or restricted trade, we should find it necessary to employ our industry and our capital elsewhere, and we would use our banking capital in another way.

Are you aware of the existence of a banking establishment in Ireland, which allows only three per cent upon deposits?—I did not know that was the case; I do not know any thing of Ireland particularly.

Can you give the Committee any information as to the circumstances which led to the great failure in the cattle trade, in the south of Scotland, in the years 1816 and 1817?—The circumstances that led to the great failures in the cattle trade, in the year 1816, were, I believe, those that led to the pecuniary distress that existed in Scotland in that year, which was the period when the insufficient Falkirk Union Bank stopped. In my opinion they arose out of the rapid transition from the extraordinary state of the country in 1815, when the short war occurred on the continent, and the prodigious depression in agricultural and every other sort of produce, which took place in the succeeding year. As far as the banks are concerned, their transactions that I know of were these: the people who purchased cattle, and who failed while they were in the banks debt, had borrowed money of the banks; the bank knew that they possessed capital of their own, and they exercised their discretion in lending them such a quantity of capital as they knew or thought they were entitled to borrow; they were men possessing large farms, store farmers, also jobbers in cattle, who bought of the feeders of stock to sell in the south; those people purchased their stock at a high price and held it at a high price, hoping that things would rise; when, we all know, that they fell, till the people were involved in ruin and the banks lost money by them. I was not at that time a director of the bank of Scotland.

Were not those speculations carried to a great extent in consequence of the great facility given by the banks, both in advances to those dealers and in discounting their bills in which they paid farmers for cattle?—It is fair to suppose that the bank at that time acted upon the same principles and to the best of its judgment, with

with the same prudence that it is doing at this moment; the people to whom we lent money may have over speculated, of that I know nothing.

In point of fact, was not the distress occasioned to the agricultural part of that district of the most severe description?—I cannot say.

Did not a bank fail at Dunbar?—I should not say that it failed; there was a solvent bank existing in East Lothian, with an office at Dunbar, which suspended its payments; but I believe there was not a moment's interval between that period and the period of their obtaining a loan upon the private property of the parties which enabled them to pay the public.

Did the public suffer any loss by the Fife Bank?—No, the case of the Fife Bank was precisely similar to the East Lothian, with this difference, that in the case of the East Lothian there was not only an improvident management, but there was in the manager a degree of talent combined with villainy that I believe has seldom been witnessed; it was made the subject of legal proceedings, and if the manager of that bank had not been a man of great talent as well as villainy, he could not have cheated his employers in the way he did. In the Fife Bank I do not believe there was any thing of the sort existed, there was great mismanagement, which gradually lost the capital of the bank; they got into difficulties, and when they got into difficulty, and the partners saw that their affairs as a copartnership were irretrievable, in the same way they procured assistance, which their private fortunes enabled them to do, and their affairs are in a way of being wound up without the public having it in their power to know any thing about it except by report.

Did not two of the banks in Scotland take the business of the Fife Bank between them, and pay off their debts?—They did.

Which banks were they?—The British Linen Company and the National Bank.

Upon what security?—I have understood that they had a personal bond from the partners of the bank, who also mortgaged their landed property as a security, besides having the current assets of the bank deposited in their hands as far as they could be.

Are all the obligations of the East Lothian Bank discharged?—I believe entirely so.

Do you think it would injure the system of banking in Scotland if charters were granted to the banks generally, by which the property of the partners was rendered free from liability to loss beyond what they held in the concern?—Yes, I think if that was done generally it would be very injurious. I think it would precisely have the effect, or rather if such a charter had been in existence in the case of the East Lothian Bank and the Fife Bank, it would have had the effect of injuring the public very materially; I think the only case in which a charter or an act of Parliament conferring that limited responsibility can be safely granted to a company, is where their capital amounts to so large a sum as a million or a million and a half, which is a sum that it is inconceivable should be squandered without its being perceived.

You have stated in the former part of your evidence that you thought the county of Northumberland was inferior in its system of banking to Scotland, are you so intimately acquainted with the system of banking in Northumberland as to be able to draw the decided distinction you have done between the two systems?—I am.

From the knowledge you have of the system of banking in Northumberland, do you not consider that it is managed with the same degree of caution and prudence with which it is generally managed in Scotland, that the system is generally the same excepting the system of cash payments?—If the honourable member for Newcastle had not been here I should have said there was not a better managed bank than his, but he like every other English banker is fettered by law, with the consequences resulting from a restrictive and monopolizing system, so that I must still say that however well managed that bank is, the system in Northumberland is not so good as ours, and I would refer to the honourable member's own experience of what he has seen. When an English bank is well conducted and prosperous the merit is its own entirely; when ill, the fault is partly in the system; I acknowledge with pleasure that I think it a more difficult thing to be a good English banker than a good Scotch one. The merit is greater.

To what do you allude when you speak of the restrictive system of England?—I mean those privileges which the bank of England has enjoyed as a monopolizing company; I cannot yet take into account the disappearance of any of them, because they have been removed for such a short time that we have had no time to see the effect of it yet, and a great number still remain.

Do you think if there had been a similar bank established and continued in Scotland to the bank of England the banking system of Scotland could have

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attained its present perfection?—Decidedly not; in fact there did exist such a system in Scotland, and the consequence was highly injurious to the bank, and *pro tanto* to the country, and the national capital at that time.

Have any of the banks of Scotland diminished the issue of their one-pound notes since the question of the continuance of them in Scotland has been under discussion in Parliament?—The issue of one-pound notes has been diminished in consequence of the diminished demand; over and above that, I believe that some banks have purposely diminished them; and I know that several banks have declined granting several cash accounts, which of course are the means of circulating one-pound notes.

Has any practical inconvenience, within your knowledge, arisen to the country in consequence of that limitation of the issue of their one-pound notes, and granting cash accounts?—Not to my personal knowledge; but I have received information from two persons upon whom I can rely, that such has been the case.

Are you aware that Mr. Gilchrist, in 1819, stated it to be his opinion, that the amount of notes issued in cash credits did not exceed one-tenth of the whole circulation of Scotland?—I am quite aware of it.

Are you of opinion that that is or is not an accurate statement?—At the time that report was published in the summer or autumn of 1819, I made pencil notes upon my own copy, to the effect that I thought that was erroneous.

To what extent do you conceive it to be erroneous?—I have tried to calculate, but I find it impossible to be accurate; but I rather think that Mr. Gilchrist under-rated the whole. The reason perhaps that Mr. Gilchrist did so, (I speak with very great deference, because he has great experience and knowledge of the subject, and is one of our best informed bankers, and I am far indeed from putting my judgment in competition with his,) the reason he has been led to make the inference was, I think, from looking too exclusively to the transactions of his own bank; and if the Committee will have the goodness to refer to Mr. Gilchrist's evidence, if my recollection be right, they will find that Mr. Gilchrist says, that in estimating the circulation of Scotland he took his own circulation, he guessed at the circulation of the other chartered banks, and he supposed these to be equal to half the circulation of Scotland. We have the advantage of better data than Mr. Gilchrist then had; and I think his calculation under-rated the circulation, the amount of cash accounts compared with discounts, and the amount of circulation obtained by means of cash accounts.

The question is as to the proportion which the amount issued in cash credits bears to the proportion issued in discounts?—I cannot answer that question, because I find it impossible to obtain any certain data to guide me in making the calculation; but I have no hesitation in saying, that I am of opinion that the amount issued on cash accounts is decidedly the larger part, but I cannot say to what extent.

In the bank with which you are connected, can you state the proportion between the amount of notes issued in discounts, and the proportion issued in cash credits?—No, we do not keep a separate account; it is possible to calculate it, but would be an immense labour.

What do you estimate the circulation of Scotland to be?—In the end of February I think it was about three millions and a half.

Are you not of opinion that, in calculating the amount of the injury which, according to your opinion, would be sustained by Scotland, in consequence of the abolition of one-pound notes, the foundation of that calculation must be a pretty accurate knowledge of the amount issued in cash credits?—No, because if you abolish one-pound notes, none can be issued in that way, or at all; and if you abolish one-pound notes, my opinion is, that you would go far to abolish the paper circulation entirely, along with the one-pound notes, and therefore the proportion is of no consequence.

What proportion do the cash credits you give in your case bear to the circulation of Scotland, assuming it to be three millions and a half?—I hope that the Committee will not require me to answer that question, I wish to give the Committee the fullest information about the banking of Scotland, but I do not wish to give information about the bank's affairs. I have made a calculation what the amount of cash account bonds is likely to be as compared with the circulation of Scotland; my opinion is, that the amount of cash account bonds in Scotland is fairly to be estimated, at the present moment, at somewhere between 4,500,000*l.* and 7,500,000*l.*; I think it cannot be taken wrong at within those extremes; my own opinion is, that
probably

probably six millions is the amount of cash credit bonds, for which the bankers are liable to be called upon, but which is only partly drawn out.

Have you no means of knowing any estimate of what is actually outstanding, drawn upon those bonds?—No, it is impossible to deal with that upon an average.

Do you know any thing of the way in which business is transacted in Lancashire?—I know a little of the banking business in Lancashire and in Yorkshire, but not of any other business.

Has the bank of Scotland discounted any bills at more than three months date, connected with transactions generally?—A very great number within the last year or two; there were hardly any bills given in to us for discount that had less than three months, and four months was our regular date, and some of them had rather more than four months, there were hardly any bills of a shorter currency given us to discount.

What was the longest currency of any of the bills that you were in the habit of discounting?—In the habit of discounting four months was our rule.

Did you discount any at nine months?—Yes, some; I should suppose, that, of our discounts, the amount which exceeded four months was certainly not ten per cent.

In ordinary times what is the usual currency of the bills you discount?—During the end of the war the currency of bills discounted at Edinburgh, if to a large amount, was short, probably two months was what we preferred, or we might go the length of three; since then it has been gradually extending, as credit has got more secure, till it got to four months as a rule.

Though four months was the ordinary course, do you not discount bills which have as much as nine months to run, and more than nine in some instances?—We deal so in some instances, as I have stated.

Were many of those bills discounted at four months or at longer dates, bills transmitted from London, or any parts of England, for discount, and connected with English transactions?—Decidedly not.

Where they bills connected with the trade between South America and Glasgow?—Decidedly not at Edinburgh, I have no doubt that our agent at Glasgow discounted bills connected with the South American trade, but I do not know the trade myself.

The question refers to bills above four months?—I should say decidedly not at Edinburgh, but I dare say our agent at Glasgow has discounted bills for South American houses, because I know South American merchants have accounts with the bank, and have discounted. Such transactions could only be special and rare.

Has it been the practice of the bank of Scotland, when those bills came to maturity to allow them to be renewed?—No, it is the practice of the bank to make it a rule that the bills must be paid at maturity; whenever they are renewed those are exceptions, and perhaps there is no impropriety in saying, that since the panic in England, and since the distress in Scotland, some of the sound valid good houses, who traded to South America, have been disappointed in returns; some parties have made applications to the banks for extraordinary loans, because when they set out in the speculation, (from the explanation they gave to the banks when they came for a loan), it appeared that they invested their own capital in that trade, but it did not come back to meet their engagements; they required a loan in December and January; our banks have had occasion to look into those transactions, and to make large advances to some houses which are possessed of large property.

Do you refer to houses who had bills discounted by the bank?—They might have discounted among their transactions, but the assistance they applied for was not a renewal of their bills, but a loan of capital to give them a temporary supply, because they had not received their capital back from South America.

Do not you think that many bills have been discounted upon an understanding that they were to be renewed?—No; but I only do business personally at Edinburgh, not at Glasgow.

The Committee will read to you from the examination of Mr. Finlay, two questions and answers. "Supposing the returns," that is from South America, "not to be made, as obviously they could not be within six months in most cases, what was then the course followed by the party, who had originally drawn the bills

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on the credit of the goods?"—Answer, "I believe a great many of them have been renewed where the partners at home were not able from their own funds to satisfy them, and that most of the bankers in Glasgow have a great many of those bills now; I have heard that, but do not know it." Question, "Bills renewed for a second term of six months?" Answer: "For either a second term of six months, or a shorter date, under the understanding that they must be renewed till after the return is made for the produce of the goods." Have you reason to believe that the statement in answer to those questions is incorrect?—No, I have no reason to say so; I have heard of such transactions; but I should say, on principle it precisely tallies with what I state: when these houses applied six months previously to their difficulties, for a discount of a six months bill, they said nothing about renewing it; they are in difficulties; they ask for a loan, the banks inquire into their circumstances; they say we want a loan for six months or else we must drop; the banks say we only discount three months' bills, but we will not let you drop; they have said to houses of great opulence and undoubted solvency, you shall not be distressed for ready money when we see that you are solvent; you will give us security over your property; that is precisely what I call a legitimate object of banking; but in May and June last year, when capital was very abundant, and when no house of common prudence could have been in difficulties, if those very identical people had come and said we are going to enter into a speculation, that we now expect will last for a year and half, then I think the banks would not have granted them that money. The banks have acted all along with a great regard to the welfare of the people about them, and we must suit our actions to the circumstances in which we are placed.

The Committee will read two other questions and answers. "It is usual for the bankers at Glasgow to discount bills at six months?" The answer is, "It never was usual till within these two or three years, since the year 1792, when they did the very same thing." Question: "With the very same results?" Answer: "And with similar results." Do you agree in the accuracy of those answers?—I have no doubt that Mr. Finlay is well acquainted with the practice at Glasgow; I am not. It does strike me, that long ago I have seen a particular class of foreign bills drawn at six months, that came through our hands from Glasgow, but I could not pretend to put my knowledge in comparison with Mr. Finlay's; but as to the results spoken of, I do not know what they are.

The results are commercial failures, and the vast number of persons out of employment in Glasgow at present. Mr. Finlay stated, that he is assured that there are upwards of five hundred masons out of employment in Glasgow now, and that there must be a greater number of cotton weavers, and perhaps a large portion of other trades?—I quite differ with Mr. Finlay; those are not the results of bankers lending capital upon bills at six months; they are the results of a merchant, who has capital, giving credit for six months to the person to whom he does so. If I sit, as we did all last year, at the table of a bank, and if our proprietors have entrusted us to make the most of their money which we can with security, if we have half a million or a million of money lying that must be employed or no dividends will be paid, and there are bills given in to us having four or five months to run, and we see valid names, that we know are those of people of large property, we have no choice; the thing is brought to a fair competition of capital; we must either not lend our capital at all, or lend it upon that on which there is a demand for it; if we had made our rule three months instead of four, the business would have been taken away; they were independent men, and they would not have stood the conduct of a bank that threw out their paper, because they chose to limit their credit to four months; they would have gone to another bank, because there was prodigious competition of real capital. My opinion is, that if all the banks in Scotland had refused to discount bills beyond three months date, private capitalists would have become bill discounters, and they would have advanced the capital in their own way, especially when they knew that the rate of discount in London was lower than it was in Scotland.

Supposing private discounters could only have issued their discounts either in notes above 5*l.* or in sovereigns, do you think the same facilities to circulation would have been given?—I do, for this reason: the private discounter would not be a debtor to the bank, but a creditor of the bank; that private discounter has perhaps 2,000*l.* lying in my hands as a deposit; if he had taken it into his head to be a private discounter, and the currency had been in sovereigns, he would have demanded his sovereigns, and would have discounted the bill if it had been necessary.

necessary. It was capital of that sort that had accumulated in the country; real capital.

Are you of opinion, that the circumstance of his being compelled to pay in sovereigns, would in no respect have diminished the facilities with which discounts are given under those circumstances?—That leads to the general question, upon which I am loth to enter; but I should say, certainly it would not.

There would, in your opinion, have been equal facility for the discount of such bills?—That is my opinion.

You mean, there would have been an equal facility, so long as the private discounter had such an account with one of the banks that he could compel that bank to supply him with sovereigns?—Yes, that is my meaning; that as soon as he had money, if it was valid money, he could convert it into the current coin of the kingdom by demanding it of his debtor, if it was all payable on demand.

Do you restrict your answer to the discounting bills, not extending it to cash credits?—Yes, I do; I restrict it to the employment of capital, and therefore I do not extend it to cash credits, which are not an instrument of employing capital, but of promoting currency.

Will you be so good as to point out the distinction that exists there: supposing a man has twenty thousand sovereigns, and that a person offers to him to employ one thousand of those sovereigns upon a cash credit, giving him five per cent for the use of the money; why does that differ from a transaction in which he discounts a bill for a thousand pounds, issuing a thousand sovereigns on the discount of that bill, and receiving five per cent?—A cash credit is not a loan of money; it is an engagement by the banker to advance when he is called upon, and not, till then, a certain sum of money; and in point of fact, cash credits are given, in which for years the banker never does advance money; his customer has it in his power to draw it back, but unless he chooses, he will not do it; he has the banker completely at his disposal; so much so, that if a customer of that kind drew upon his banker at an inconvenient time, the banker, although by law he might instantly cancel the credit, and so avoid making the advance, could only do so at the expense of his character; because it would be immediately said, the cash credit is a profitable instrument of business, nothing but necessity could force a banker to allow it to be lost. Therefore, in point of fact, cash credits leave the banker in the customer's hands, and the banker has no control over his customer. Now it is obvious, that with a currency of gold, the banker could not carry on a system of that kind.

Does the transaction upon the discount of a bill, differ in any way from the transaction upon cash credit, to the extent to which cash credit is availed of?—Yes, very materially.

Have you examined the documents in the Appendix to the Report of the Committee of 1819, on Cash Payments, in which the number of promissory notes in circulation of the Royal Bank of Scotland is stated. The notes in the circle, at the date of January the 1st, 1810, being represented by a thousand, from which document there appear to have been great fluctuations in the amount of notes in circulation between 1810 and 1818?—The Committee will recollect, that on Monday I stated that I thought there must be some error in that statement. I found that the error lay in the question having been put as relative to the Bank of Scotland; whereas it is really relative to the Royal Bank, of whose transactions I am not aware. Upon principle I can explain how that fluctuation may have taken place, and probably did take place, in consequence of a legitimate demand for currency; but I have not yet had time to look into some circumstances connected with the period, which I should wish to do before giving an answer, if required.

Were there similar fluctuations in the paper of the bank with which you are connected?—No; our fluctuations were not so great; that I can account for; because the Bank of Scotland is more a bank of circulation than the Royal Bank is.

Do you happen to know the proportion of the currency of small notes, in the districts where you have branch banks, as compared with those of 5*l.* and upwards?—Yes, to a certain extent, I have a good idea of them.

What do you consider to be the proportion?—There is nothing like an average proportion; in some cases the proportion of small notes to large is, I should think, calculated in pounds sterling, at least, as twenty to one, and probably more.

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Then if any necessity existed to supply that currency in gold, would not the expense to that part of the country be proportionably more than the expense which is stated to be necessary for the supply of the whole of Scotland?—Yes, it would; if we were to attempt to keep up the branches.

Mr. John Thomson, called in; and Examined.

Mr.
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WITH what bank in Scotland are you connected?—With the Royal Bank of Scotland, at Glasgow.

With what banks have you been connected?—With the Stirling Bank for four years, with the Bank of Scotland, at Edinburgh, for a short period, and at Perth for two years, and at Aberdeen for twelve years.

In what parts of the country have you resided?—In Stirling, Edinburgh, Perth, Aberdeen and Glasgow.

Where do you now reside?—At Glasgow.

Will you state what you consider would be the effect of a law, which should prevent the banks in Scotland from issuing notes under 5*l.*?—I think the effect would be a complete alteration of the present system.

Do you think it would prevent them from granting cash credits?—In particular places it would to a certainty; in other places it may be continued to a certain extent, upon an additional charge being made.

Supposing that the amount of interest allowed on deposits was reduced from four per cent to three per cent, do you apprehend that there would be a very material reduction in the amount of deposits made with the banks of Scotland, provided there was a general understanding among the banks to allow no more than three per cent interest upon deposits?—Yes, I think there would be a considerable reduction; that the deposit money would be taken and employed elsewhere, perhaps on real securities, or sent to London to be invested in government securities; but that the means of all the banks would be greatly decreased in consequence.

It would only be withdrawn, provided a more profitable investment could be made?—Yes.

What was the amount of interest allowed upon deposits, in the year 1824, by the banks in Scotland generally?—It was two per cent on dead deposits by the Royal Bank, and two and a half upon operating accounts; we made a distinction between the one and the other.

What is the rate of interest now allowed upon deposits?—Four per cent, (throughout Scotland), I believe, by all the banks.

But only two and a half per cent was allowed in the year 1824?—Only two and a half per cent.

That is, upon that kind of deposit upon which four per cent is now allowed, only two and a half per cent was allowed in the year 1824?—Yes.

Has there been a great increase in the amount of deposits since that period?—There has.

When was the rate of interest increased?—On the 23d of November 1825, it was raised from two and two and a half to three per cent by the Royal Bank; and in the same year, on the 19th of December 1825, the interest on deposits was raised from three to four per cent.

Do you recollect what the rate was in 1823?—It was two and a half and two per cent.

At what time preceding 1823 was the rate of interest at four per cent?—In July 1817 it was reduced from four to three per cent on all new payments, and on the 18th of January 1818, interest on all the deposits in the bank was reduced from four to three per cent.

Did that lead to a very great reduction in the amount of deposits?—Yes, but not immediately.

Do you think that the reduction arose from the circumstance of there being a reduction in the rate of interest, or from any other cause?—The reduction in our deposits arose from the circumstance that the other banks, with the exception of the chartered banks, continued the old rate of four per cent, while we were paying three per cent.

When did the other banks reduce from four to three per cent?—When the Bank of England discounted at four per cent, and we followed their example.

When

When the Bank of England discounted at four per cent, you lessened the interest of deposits from four to three, did not you?—No, we reduced the interest on deposits from four to three in 1817, the other Scotch banks did not reduce from four to three till the Bank of England agreed to discount bills at four per cent, and at that time the Royal Bank reduced the interest on deposits from three per cent to two and a half and two per cent.

Do you apprehend that there was, in consequence of that reduction from four to three per cent, a general reduction in the amount of deposits kept with the Scotch banks?—Yes, I think there was a very considerable reduction, and that the money was sent to be invested in government securities.

You now allow four per cent?—Yes.

Has there been a corresponding increase in the amount of deposits, in consequence of allowing four per cent?—There has been an increase in the deposits of the bank with which I am connected.

Since the period that you raised the rate of interest from three to four per cent?—Yes, a considerable increase.

What are the parts of the country in which you think the system of granting cash credits must be discontinued, provided the banks were prevented from issuing notes below 5*l.*?—I think in Ross-shire, Inverness-shire and in Aberdeenshire, except in the town of Aberdeen; in all the counties to the north of these, in Argyleshire on the west coast, in Perthshire, with the exception of the town of Perth, and in several other counties to the south of Scotland.

Do you think there would not be a sufficient profit made by the bank upon issuing sovereigns, as part of the cash credits, if they were limited to five per cent upon the interest which they might pay upon the amount actually issued?—I do not think there would.

Supposing they might take six or seven per cent, do not you apprehend that the system of cash credits might then be continued?—I do not think so; we could not charge six or seven per cent upon cash accounts, while we were discounting bills at five per cent.

Supposing you raised the amount which you charge upon the discount of bills?—It could not be done in one part of the country without carrying it through all the other parts of it.

Supposing it was done generally, supposing bankers might charge six per cent or seven per cent, or whatever might be a proper remuneration in the amount of interest, and that increase in the rate of interest took place upon cash credits, and upon the discount of bills generally, do you conceive, so far as the operation of banking is concerned, that there would be any alteration in the way in which it is conducted?—I think the banker's profit might be very easily made up, if the country submitted to the additional charge.

There would be an additional charge to the country of the difference between five per cent and six per cent?—Yes.

But the mode of conducting the business of banking would be the same?—The mode of banking would not continue the same; the system would be greatly deranged; the banker might make up his profit, but the banker's means of doing business would be affected by the alteration. If a bank can at any given period, by the present system, keep in the circle any sum of notes, 100,000*l.* say, and that is withdrawn from the circle and substituted by gold, the banker's means, and his power of doing business, are affected to that extent; and from any knowledge I possess of the country generally, I do not think that if those means were withdrawn, and gold substituted, that the business of the country, to the extent it is at present, could be continued without inconvenience, if it be at all within the power of the banks to do so.

Supposing a bank issues 50,000*l.* in notes below 5*l.*, and can keep that sum steadily out in circulation, what is the profit which is derived to the bank from keeping that sum of 50,000*l.* out in circulation?—Five per cent upon it, subject to certain deductions.

What do you calculate the amount of deductions to be?—There is for stamp duty, paper, engraving, seven pence halfpenny or eight pence on each twenty-shilling or guinea note.

Does the bank derive any other pecuniary profit whatever upon its paper circulation than five per cent, subject to those deductions?—Yes, if there are any notes lost or destroyed.

But that is the whole amount of the pecuniary profit?—Yes.

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Independently of the pecuniary profit, are there any other facilities in conducting the operation of banking arising out of the issue of those one-pound notes which would not apply to the issue of coin?—There is the facility in keeping up the stock necessary for the circulation. A bank that has 50,000 twenty-shilling notes in the circle, would perhaps require to keep 5,000 or 6,000 in the repository, to replace such as are torn or unfit for re-issuing, as they come in, and to meet occasional extraordinary demands, such as at term times, and on particular emergencies, when a large sum of small notes is required for paying wages or such like demands.

Supposing the 50,000*l.* in notes continued out for a year, is it possible that the profit arising to the banker from keeping that 50,000 *l.* out in circulation for a year, could exceed 2,500*l.*?—I do not think it.

Not in any way whatever?—No.

Then if he could in any way whatever get 2,500 *l.* from any other sources, either by an addition to his profits, or by a reduction of the charges to which he is subject, do you think he could conduct his business under an obligation to issue sovereigns only, as well as he does now, if he could make up the loss of the 2,500*l.*?—Not to the same extent; it depends upon the other means that he possesses; if his is a small capital, he could not do business to the same extent.

Why could not he do business to the same extent, supposing that loss of profit is made up to him from other sources; for instance, by reducing the amount of interest he allows upon deposits?—Because the 50,000*l.* which he kept in the circle enabled him to discount bills, or to make loans on cash accounts to that extent; and if he is not allowed to issue those notes, his means or his power of doing that is curtailed to that extent.

He would be allowed to issue five and ten-pound notes?—Yes; but it is the twenty-shilling notes that I suppose he keeps in the circle; the five and ten-pound notes continue as formerly.

What do you conceive would be the effect of a prohibition to issue notes below 3*l.* in Scotland; that is, allowing the banks to issue notes of 3*l.* but preventing them from issuing notes below 3*l.*?—I think it would require almost as much gold as the prohibition to issue notes below 5*l.*

Is the class of payments now made in Scotland to the amount of 3*l.* not so considerable as to make any very great difference in the facility which the banker would have in conducting his operations?—The class of payments which require small notes are generally those that require about 1*l.* with a few odd shillings, from that to 1*l.* 10*s.* for a fortnight's wages.

Have you ever formed any calculation as to the total amount of small-note circulation in Scotland?—I have no means of knowing it at all.

It has been estimated to amount to about 1,800,000*l.* that is the circulation below 5*l.* which is, on an average throughout the year, kept out in circulation; have you so far thought of the subject as to form any conception whether that is an accurate estimate or not?—I should think that large, perhaps.

Do you think it would be nearer 1,500,000*l.*?—I think so.

Do you think it would be possible, by any combination among the bankers, to keep out more than that 1,500,000*l.*, if that was sufficient for conducting the circulation of Scotland generally?—I should not think any combination among them possible.

You think the notes would return to the bank, if there was any over issue?—Certainly; and I think it is impossible that any combination could exist among them, their interests are so different.

Do you think that a single bank, or the whole of the banks together, could issue a greater amount of small-note circulation than would be requisite to conduct the currency of the country, and at the same time to maintain the value of a note on a par with gold?—I do not think they could.

There may be for a week, or at least for a day there may be an over issue; in what way is that over issue checked?—By weekly exchanges.

Is it ever checked practically by a demand for gold upon the banks?—Never.

Do you think that the exchanges operate effectually to check, and that practically the bank is not under the necessity of keeping a deposit of gold for the purpose of answering the demands upon it?—I would say, I believe the banks in general, from prudence, are in the habit of keeping up such a stock; it does not apply to my department of the bank to know particularly about that, but I do not think there is any occasion to keep it with a view to any demand that may be made upon them for gold.

Then

Then what maintains the value of the note upon a par with gold?—The regularity with which it is retired, in the exchanges, and the credit which is given to the notes of one bank by the notes being universally received by all the other banks, and the experience of a long period that there has been no failure among the banks.

You reside at Glasgow?—I do.

As the cashier of the Royal Bank?—Yes.

Is not there a great distress existing at Glasgow at the present time?—Yes, considerable.

Are there many persons out of employ?—I understand so, a very considerable number.

Are there a great number of masons out of employ at present in Glasgow?—

A great many.

Has building extended very rapidly at Glasgow, within the last three years?—It has.

Has there been a check to that?—It is a scarcity of money that occasions the check to it.

Has there been a check?—Yes.

And a great number of those persons who were employed on building have been thrown out of employ?—Yes.

Are not there many manufacturers out of employ at present?—Yes.

Cotton weavers?—Yes.

What is the state of that part of the population in Glasgow which consists of Irish, at present?—There are many of them unemployed at present.

Where do they derive their means of subsistence at present?—By charity and occasional work. There is a fund subscribed in Glasgow which is under the management of a committee, who look out for work for individuals of that description.

To what circumstance do you attribute the distress which prevails at Glasgow, at present, and the reduced demand for labour?—It is to be attributed to the want of trade and of the sale of goods; there is no demand for goods for the home market, and there is no demand for goods for the foreign markets.

Do you apprehend that that arises from a decrease of the means of consumption in the foreign markets, or that the foreign markets are over-stocked with the goods already sent?—The foreign markets were understood to be greatly over-stocked with goods, but the quantity must now be reduced, as comparatively few shipments have been made for six months past.

Will you give the Committee shortly an account of the manner in which a merchant in Glasgow in trade with South America conducts his operations?—A merchant in Glasgow consigns his goods through the agent of a South American house, who is resident in Glasgow, Liverpool or London, and who is generally a partner in the foreign house. The bills of lading are made out and forwarded through this agent to his house abroad. In some cases where a merchant may require to have an advance upon a consignment, the bills of lading are made in the name of the agent, and the insurances are effected by him; and should there be a delay in the remittances from abroad, it is understood that this agent comes under an advance to a certain proportion, generally a half, in some cases to the extent of two-thirds, but this last in very few cases. If the agent is in a situation to advance cash, he does it, and a great many of them do it. If the agent is in good credit and good means, he gives a short dated bill, under an understanding that it is not to be renewed, and that the remittances come home to him; and in some cases, although very few, where the parties have gone imprudently into that business, a bill is granted, which it is understood is to be renewed. There are many houses, however, in that trade who require no advances.

Do you conceive that the goods sent from Glasgow are generally sent in consequence of orders from South America, or that they are sent from Glasgow from a mere speculation of selling in South America when they arrive there?—In most cases they are sent from particular orders, or what amounts to an order, a description of the goods that would suit the market. The Glasgow people were acquainted with the goods that would suit the market before those ports were opened direct to the consignments of the Glasgow merchants: in former periods the consignments used to go to the West India islands, and from those they were smuggled into the South American colonies; and when they became separate and independent governments they sent them there direct: at first there were very large returns, and for some time afterwards, while loans were making in Great Britain for those new govern-

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ments, there were very good returns, but latterly some of those remittances on account of loans have been returned upon them, and large sums of money, the proceeds of the sales that have been made, it is understood are in the hands of foreign merchants; for which they are afraid to take bills, and they have no proper opportunity of getting the bullion or dollars, or whatever coin they have sent home, in payment of them.

The agent abroad draws a bill on the credit of the goods, does not he?—The agent at home accepts a bill.

What returns do the agents in South America, to whom the goods are sent, make to the manufacturer who consigns them to him?—He makes them either in silver or gold, or in bills which he purchases at a certain exchange in the foreign market.

Are not the bills accepted by his own partners at home?—Yes; but they are not drawn by the house abroad, the bills are accepted at home to account of the consignment.

In point of fact, are there remittances of gold and silver to any extent from South America to Glasgow?—There have been at particular periods; they do not come when the exchange does not suit it; but there are very large sums received in Glasgow that we generally ship for London, deliverable in the Bank of England.

Do you apprehend that there have been, generally speaking, very improvident shipments from Glasgow to South America, with reference to the probable demand there would be for goods there?—It is understood that they have been too extensive, and that some have been very unfortunate; duties have been imposed by the new governments to such an extent as to swallow up a large part of the value of goods, but those not to any alarming extent; and upon the whole, I should think, from what I have seen and heard, that it has paid the parties in most instances.

Do not you think it would have been infinitely better for Glasgow, speaking particularly with regard to the moral condition of the place, that there should have been for the last three or four years a steady demand for labour, and steady prices, rather than that there should have been an excessive demand during two years, which created a great population drawn from Ireland, and then a reduction in the wages of labour and in the demand for labour, by which many thousand persons are thrown out of employment?—It would have been better.

Do not you consider that the alterations that there have been in the price of labour at Glasgow have arisen in part from the facility with which credits can be acquired?—I do not think so; I think there is a spirit of enterprise in Glasgow that oftener succeeds than is defeated. During the ten years that I have been there, and during the experience of my predecessors, I believe it has been found that every five or six years the spirit of enterprise leads them into an excess; and so far as I can see of the state of things at the present moment, it does not appear to me that there is either an over-stock of goods to any noticeable amount in the Glasgow market or in that abroad. From the small amount that has been sent out for the last six months there is nothing that should alarm us at all as to the result in regard to the quantity of goods on hand, and my own opinion is that things approach a healthy state.

You are acquainted with Mr. Kirkman Finlay?—Yes.

Mr. Kirkman Finlay gave this answer to a question that was put to him:—“I believe that if the bankers in Lancashire had given the same degree of accommodation to the trade of Lancashire that the bankers of Scotland have given to the traders there, the whole of Lancashire would have been in a state of ruin before this:” do not you think it possible that there may have been too great an accommodation given to the traders and merchants of Scotland?—I think that in every case of the kind there is too much accommodation given; we find it out, but we never find it out till a period of distress comes, and it is just the tendency of all human institutions to go to that kind of excess, but nothing has happened yet in Glasgow, so far as I know, that is very alarming; the distress that has arisen is working its own cure.

Do you not conceive that the suffering of the lower classes particularly is a circumstance most materially to be attended to, although ultimately the commercial transactions may right themselves?—I think it is to be attended to; but so far as I understand it, it is not in the power of the Bank so to regulate affairs as to prevent their suffering distress.

What has been the date of the bills you have discounted within the last two or three

three years; have they had six months to run?—There have been some such bills.

Have there been any that have had a year to run?—Very few.

Have there been many that, having six months to run originally, have been renewed when the six months expired?—Yes.

Was it the practice six or seven years ago in Glasgow to discount bills that had six months to run?—Yes, occasionally.

Do you think you should have been so liberal in the discounts given, provided you had been under an obligation to issue all payments below 5*l.* in sovereigns rather than in one pound notes?—I think I should have been so, as far as regards long-dated bills.

Then why would the prohibition to issue notes below 5*l.* fetter the commercial transactions of Scotland, provided you would have been equally liberal in your discounts whether one-pound notes were issuable or not?—The withdrawing of the one-pound notes withdraws a certain portion of the funds of banks. The Royal Bank has never upon any occasion in their issues come up to any thing like such a proportion as the amount of the capital would warrant; but this is different with other banks, whose circulation is proportionably more extensive, and therefore in the balance of exchange on the repayment of our notes I have not always made these balances the rule by which I regulated my discounts, although banks in a different situation must do so.

Supposing that for the future there should be a prohibition to issue notes below 5*l.* should you continue after that as liberal in your discounts as you would be provided there was no such prohibition?—It would depend upon the state of the bank's resources; if our deposits were withdrawn in addition to our circulation, we would not have the same power of going to the same extent.

Speaking of the past, do you think the deposits would have continued the same with you, provided that for the last five years there had been a prohibition to issue notes below 5*l.*?—I think it would have depended upon the price of the public securities; the people of Scotland calculate whether they are to get a better interest from the bank or from the public securities.

Do you think it probable that the amount of deposits would not have been lower than it has been?—I think they would have been lower at particular times.

If they had been lower, would you have given the same amount of discounts during the last two years that you have given?—I would have given the discounts in proportion to the disposable funds.

That is, supposing you had not been allowed to issue one and two-pound notes, would it have made any difference as to the amount of cash credits granted?—I do not think it.

That is to say, you would have conducted the business of discount, and the business of cash credits for the last two years, precisely in the way in which you have conducted them, even though you had been compelled to make all your payments below 5*l.* in sovereigns?—Provided the disposable funds of the bank had been as they have been found to be, I think there would have been no alteration.

Have you any reason to think that the disposable funds of the bank would have been lessened by the prohibition to issue notes below 5*l.*?—It would have been lessened by the extent of the circulation, and probably it would have been lessened by the greater quantity of gold needed to conduct that circulation, than by the quantity of notes. I conceive, that if I can keep 200,000*l.* of small notes in the circle, that 200,000*l.* in gold, put in its place, would not be an adequate fund for me to keep up that circulation; I would require to keep a stock to supply the absorption of that gold, when it passes from one part of the country to another, and when it is needed in the districts which I occupy.

You admit, that if the amount of your deposits had been lowered, you could not have given the same facility of discounts?—I think not.

Is there any difference between the constitution or practice of the Royal Bank of Scotland and that of other Scotch banks, which makes your answers applicable peculiarly to it, and not applicable to the system of Scotch banking generally?

Yes, I think it differs widely in Glasgow from what it does in the thinly-peopled districts.

Has the Royal Bank of Scotland many branches in Scotland, in distant and remote parts of the country?—None, only in Glasgow.

Why has the Royal Bank no branches in other parts of the country?—I do not know.

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Have applications been made to it to establish them?—They have, but they have always declined it.

Do you think that the profit of such an establishment would be barely sufficient to cover the expenses of it?—I believe the real reason is, that they think that it would divide their attention, and that the management of the business at Glasgow and Edinburgh gives full employment to their capital.

Then you have only two establishments connected with the Royal Bank, one at Edinburgh and one at Glasgow?—Yes.

Is the chief part of the business conducted at Edinburgh or at Glasgow?—At Glasgow, I suppose.

Do the chief part of the issues of the Royal Bank take place in the discounts of bills, or in the issues upon cash credits?—In the issues upon cash credits and operating accounts.

Do the issues upon operating accounts and upon cash credits exceed the issues in the discounting of bills at Glasgow?—They go together; I cannot say which exceeds. A person holding a cash account with the bank discounts his bills, and passes the amount to the credit of his account, and then draws it out as he has occasion for it.

Speaking of the Scotch system generally, you think that there would be the same facilities in discounting bills, and the same facilities in granting cash credits, provided all the banks in Scotland were compelled to make their payments below 5 *l.* in gold?—I do not think they would grant cash credits.

Would they discount bills as liberally as they discount them at present?—It would depend entirely upon the state of their disposable funds.

Do you think that the amount of deposits would be lessened in the Scotch banks?—Yes.

And if the amount of deposits were lessened, in that case their means of issuing money upon discount would be proportionably lessened?—Yes.

Then do not you think that the probability of encouragement to a rash spirit of speculation would be lessened also?—Probably it might; but that rash spirit of speculation has many checks, and it is very difficult for a banker to discriminate between what is a proper transaction, and what is an improper one. We are regulated in discounting bills, or in granting accommodations, by the representation of parties, and we may be misinformed, but we judge generally from their character, and from their habits, and from the general success of the parties applying; and although we are liable to be deceived, and often are deceived by parties, upon the whole I think that the spirit of speculation has not prevailed at Glasgow to a great extent for the last five years; there have been things done that perhaps would have been better not done, but upon the whole I do not think there has been a very great spirit of speculation.

Not in building?—Not very extensive; I do not understand that there are many uninhabited houses. I think the chief cause of building being discontinued is the check that has been given to it by the difficulty of obtaining discounts, and by the other difficulties connected with it; there has been a general apprehension among people that some great crisis was awaiting them, and they are afraid to undertake things.

Do you think the extension of building arose in part from the facility of obtaining discounts?—I think there was a demand for it certainly.

Could that demand have been satisfied without a facility of discount?—I think so.

Do you think persons built upon their own capital, or upon the money they received from the banks upon cash credits or discounts?—The loans which the builders get are generally upon heritable security, it is not a bank transaction at all.

Was it the practice in Glasgow ten years ago to issue bills which had six months to run?—No, not the practice.

Was it the practice in Glasgow to discount bills which had six months to run six years ago?—I do not think it.

Has not the practice of issuing bills which have so long to run as six months increased within the last two or three years?—It rather has; but I would not exactly call it a practice, though it very often happens in the number of bills discounted.

What is the general date of the bills?—From three to four months.

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What is the shortest date?—One month, and two months and twenty days; I suppose the bills discounted at Glasgow just now would not average above eighty days.

Supposing a respectable customer of the bank had offered a bill during the years 1824 or 1825 which had a year to run, would the Royal Bank have made any difficulty in discounting that bill, if the party was quite respectable and solvent?—They would not have done it as a matter of course, but if the party had come and mentioned that it was a bill for a sum of money which was to be paid at that time, and that it would afford him a great accommodation if it could be done just now, if the bank were satisfied that it was safe they would have given the money to that person, if the two parties made it quite safe.

Did the other branch banks established in Glasgow adopt any different rule, or was the practice the same with all the banks?—I think it was much the same.

What was the interest taken upon discounts?—Four per cent at that time.

What is it now?—Five per cent.

Have you formed any calculation as to the amount of notes in circulation in Glasgow below 5 *l.*?—No.

Have you any idea of what amount is sufficient to conduct the ordinary business at Glasgow?—I have no idea, it is a very large sum.

Is the sum of small notes permanently outstanding as much as 10,000 *l.*?—I should think 4 or 500,000 *l.* I think Glasgow must have a large proportion of the whole.

Is it so much as one third?—There are some houses in Glasgow that require upwards of 1,000 *l.* a week to pay in wages.

Are you at all acquainted with the way in which business is transacted in Manchester or Liverpool?—I have heard that at Manchester many of the large manufacturers are in the habit of contracting with the public-house keeper, or with a merchant of some description or other, to pay his wages for him; but I do not know it of my own knowledge, I recollect hearing Mr. Finlay mention it.

What is the general amount of the sums which persons who have cash credits draw out at a time?—It is very various, from 10 *l.* to 2 or 3,000 *l.*

Are they generally as large as 10 *l.* at a time?—Yes, generally; I believe in some banks they do not allow them to draw for less; we have no such rule.

Then what inconvenience would arise from paying those drafts in notes of 5 *l.* and upwards?—It would be inconvenient for the party receiving it; he could not go and divide that among his labourers.

Supposing that the amount of the circulation now existing in one-pound notes existed equally, but in sovereigns, would not the person who had received 10 *l.* in five-pound notes, have the means of changing those five-pound notes for sovereigns, and making his payments?—In some places he might have those means, but I conceive that in the country, at Banff for instance, at Inverness, and various other places, those means would not be within his reach.

At Glasgow would those means be within his reach?—They might.

Then as far as Glasgow is concerned, practically, no inconvenience would arise in respect of cash credits?—There would be a considerable inconvenience, and very great expense in keeping up the quantity of gold; but I am supposing, that that is compensated by the commission, which is to be allowed to be charged in lieu of it.

Supposing the whole small circulation of the country, which now consists of one and two-pound notes, to be suddenly converted into sovereigns, and those sovereigns to remain as permanently in circulation as the one and two-pound notes now do, what would then be the inconvenience with respect to cash credits?—The inconvenience with respect to cash credits would be keeping a large stock on hand to supply the daily demands. Upon a day, for paying wages, I might be called upon to give away 20,000 *l.* or 25,000 *l.* of sovereigns.

The Committee understand you, that the drafts made upon cash credits are generally for sums larger than 5 *l.*?—Yes.

And they consequently could all be satisfied by payments of notes of 5 *l.* and upwards?—I do not think they would be satisfied with that.

The persons receiving those notes you say would want to divide them into small notes for the purpose of making payments; supposing the whole circulation of notes under 5 *l.* to be converted into gold, why should not the persons receiving those five-pound notes have the means of changing them into gold to make their payments?—The fact would be that they could not get that done. If a manu-

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facturer sent to the bank an order on his cash account for 1,000 *l.* to pay his wages, at a distance of five or ten miles from Glasgow, he would ask for gold for it; he would ask for what would pay his wages; he would not take five-pound notes, because they would not avail him; he could not pay people one-pound apiece in five-pound notes; and in a country village, at a distance from town, they could not find gold.

Supposing you issue one-pound notes to that person, they, being an addition to the number of one-pound notes actually in circulation, must either become an excess of circulation, or must be returned upon you?—The notes that they get do not remain with them any length of time; they come back again through a thousand different channels.

Then what is the difference between issuing notes which are immediately returned upon you and issuing sovereigns?—The issue of sovereigns is a totally different thing. In the issue of notes it is the interest of every neighbouring bank to pick them up and send them home to us, but it is his interest to lay hold of the sovereigns and keep them.

What interest has he in keeping the sovereigns?—To prevent the expense of sending to London for them; he will not keep more than he needs of them; but he gets a supply much easier in that way than by sending to London for it.

Do any bankers in Scotland who do not issue notes grant cash accounts?—I do not think it.

Is there any thing in the principle upon which a cash account is granted which renders it inexpedient for a banker who does not issue notes to advance money in that way?—The chief object of cash accounts is to obtain circulation, and they have not that motive for it, because they have no notes to circulate.

You were asked respecting the allowance of interest upon deposit accounts; is not that always regulated by the market rate of interest?—Yes, the different banks have different rates of interest at different times.

Is not the allowing three per cent upon deposits, or two per cent, or two and a half per cent, regulated by the market rate of interest, the interest at which money can be borrowed in the country?—Upon those occasions, when the rate of interest is reduced from four to three per cent, it was regulated upon that principle.

Is it not always a little under the market rate of permanent loans in consequence of the constant command given to the person to whom it belongs over his capital?—Yes, generally one per cent under.

If that difference was reduced by the banks lower than would compensate that advantage, would not the practice of depositing money with the banks cease?—Yes.

Veneris, 21^o die Aprilis, 1826.

Mr. John Thomson, again called in; and Examined.

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DO you know any thing of that part of the country which comprises the county of Dumfries, and the stewartry of Kirkcudbright in Wigtonshire?—No, I am not particularly acquainted with it; I simply know that it is not a very populous district.

Is it a district which carries on considerable foreign commerce?—I do not think that; it is chiefly agricultural.

Do you happen to know how many banks there are in Dumfries?—I do not know; I think there are three, the Bank of Scotland, the Commercial Bank and the National Bank.

Are you practically acquainted with the manner in which the business of cattle dealing is transacted in that part of the country?—No.

In what other parts of Scotland have you resided, besides Glasgow, as agent for a banking establishment?—At Aberdeen I was agent for the Bank of Scotland twelve years.

How many branches or banks were there at Aberdeen at that time?—Two branches and two local banks; viz. a branch of the Bank of Scotland and a branch of the Commercial Bank of Scotland, and there was the Aberdeen Banking Company and the Commercial Banking Company of Aberdeen.

Do you apprehend, if those banks had been prevented from issuing notes below 5 *l.* that many of them would have been discontinued on account of the want of sufficient

sufficient profits to pay the expenses of the establishments?—I think the profits would have been greatly diminished, but whether to that extent I am not aware; it would have depended upon whether there was any substitute afforded them.

Do you apprehend that the existence of four separate banking establishments is necessary to the prosperity of that place, or that the business might not be equally well conducted by a smaller number?—I think it could be equally well conducted by a smaller number; but Aberdeen is one of those places in Scotland that has experienced little fluctuation, and in all times of commercial distress elsewhere in Scotland they have been more steady, and there have been fewer failures there perhaps than in any other town in Scotland.

Supposing the projected withdrawal of small notes should be to leave profit enough for two establishments, though it might not leave profit enough for four, do not you apprehend that the business of that part of the country might still be conducted by two establishments?—If they were possessed of sufficient means it might.

Do you happen to know how many banking establishments there are in Inverness?—Three, I think; a branch of the British Linen Company, and one of the Bank of Scotland, and one of the Perth Bank.

Are you acquainted with the manner in which the drovers who come from England to purchase cattle in Scotland conduct their business; do they get credit on a Scotch house, or do they bring with them bills upon England?—They bring bankers bills from England generally with them, bills drawn by bankers in the towns of England upon an agent in London; they are London bills, and those bills are generally negotiated through the banks in the district where the cattle markets are in Scotland.

Does the Scotch bank or branch discount the bills which the English drover brings into Scotland?—Yes.

At the same rate at which he discounts an ordinary Scotch bill?—The same.

Did you ever hear of such a thing in Scotland as a wind bill?—Yes.

Will you describe what a wind bill is?—It is an accommodation bill drawn by one person upon another, without value, simply to raise a sum of money.

Does not the other person draw one upon the original drawer in return?—It does not require that to constitute it a wind bill; but it may be so.

What time have those bills generally to run?—About three months generally.

Are not you aware that a good deal of the cattle dealing in Scotland is carried on by credit raised upon those bills?—My experience among cattle dealers of late has been very little; there are none in the part of the country where I am now; it has been so in other parts of the country, upon bills of accommodation.

And they depend in a great measure upon the returns that are ultimately received from the sale of the cattle in the English market?—Yes.

And provided there is a fall in the price of cattle in the English market it has frequently happened that the parties are subjected to the greatest inconvenience?—Yes.

Have there not been most extensive failures arising from transactions of that nature in the south of Scotland?—I am not aware of it.

Do you know at all how the circulation of the Western Isles of Scotland is conducted; do you know whether there is any branch existing in the Western Isles?—There are branches in Argyshire.

Is there a branch at Oban?—Yes, a branch of the Commercial Bank of Scotland at Oban.

Has a farmer residing in Mull or Skye the advantages of cash credit at all?—Yes.

How does he procure the cash credit?—He applies to men of credit and property to become his sureties to the bank, and a regular bond is executed on the bank being satisfied that the security is good, and that the operations upon the account are to be of that description that will tend to the circulation of the bank's notes.

He has the same facility that the farmer on the main land has?—The very same.

When a farmer or any other person opens a cash credit how many collateral securities are required?—Two or more.

What is the general practice of the bank with which you are connected?—Two, or more; in some cases a landed proprietor, knowing the industry of his tenant, is induced to become his surety at the bank for that credit; and in such cases the bank are often induced to grant it upon such a security, knowing the undoubted property

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and responsibility of the landlord, and trusting also to the industry and diligence of the tenant, that he will make a good use of the credit so afforded him.

Every party who gives security is liable in the full amount of his property to the bank, is not he;—Yes, they are liable jointly and severally, as we call it.

Can you tell us at all in what proportion the circulation issued by the branch which you superintend in Glasgow below 5*l.* bears to the circulation of paper above 5*l.*?—I understand it is about three-fifths; two-fifths of large notes and three-fifths of twenty-shilling and guinea notes,

Do you issue any other small notes than one-pound notes?—Yes; guinea notes, and no other below 5*l.*

What notes above 5*l.*?—5*l.* 10*l.* 20*l.* and 100*l.*

Does the hundred-pound note remain out in circulation a very short time?—Yes.

Is the proportion which the small-note circulation bears to the large a tolerably fixed proportion, or a varying one?—When I say, that it is three-fifths of it, I speak of the average circulation; but there are particular periods, such as at term times, when servants wages are payable and house rents, and a number of incidental accounts, that require a much larger issue at that time of small notes.

When are those periods of the year?—Whitsuntide and Martinmas.

Is there a regular increase of the whole circulation of paper, or only of that portion of it which is below 5*l.*?—Chiefly that portion of it below 5*l.*

What proportion does the increase, speaking generally, bear to the whole amount; is it a tenth or a twentieth, or any other proportion?—More than a tenth I should think.

How long does that part of it which is positive increase remain out in circulation generally before it returns to you again and subside to the original level?—From one to two months.

You said, that you are of opinion, that the distant branches which other banks in Scotland have in remote parts of the country would be relinquished, in consequence of any law prohibiting an issue of small notes; but that at Glasgow, which is the only place where the bank you are connected with has any agency, you would be regulated in your discounts and in your advances by the disposable means of the bank?—Yes.

Do you not consider the amount of the paper currency in small notes a part of those disposable means?—I do.

Are the Committee right in understanding that the disposable means of a bank in Scotland for carrying on its business consists, in the first place, of its proper capital; in the second place, of the amount of its deposits, and thirdly, in the amount of its issues of notes?—Yes.

Then any limitation of the amount of its currency is in limitation of its disposable means?—Yes.

Then not only the profits of the bank must be reduced by that limitation, but its power of transacting the business of the country?—Yes.

As to the loss sustained by the bank, will that loss consist merely in the loss of the interest upon the amount of its currency that shall be so withdrawn, provided it is under the necessity of making up the void by supplying a gold currency?—No, that will not be the only loss.

Supposing the Committee are right in having estimated the small-note currency of Scotland at 1,800,000*l.* will the loss incurred by the banks in Scotland in carrying on their business, if that small-note currency is abolished, be limited to the loss of the interest it makes upon that 1,800,000*l.* deducting the expenses of stamps and other expenses necessary for keeping up that currency?—I think that would be lost certainly, and after deducting one and a half per cent for the stamps and other expenses, the return that is got of the three and a half per cent would thus be left as the profit to the bank upon those issues; but in order to keep up those issues in the present state of the business, we are obliged to have a stock of notes in hand on particular emergencies, such as I have before described, and to change five-pound notes, and tens and twenties. This stock that we keep on hand costs us nothing but the stamps, and if we had to replace that stock by a gold currency there would fall, to be added to the loss that we incur by the change, the interest on that stock, however much it may be; and there would fall, to be added also to the loss, the expense of transmitting the gold from place to place to supply what went out of the circle of the district, and a variety of other incidental charges connected with a gold currency, which do not apply to a paper currency.

Can you state the proportion which that reserved stock now kept in notes bears to

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to the quantity of circulation of small notes; supposing that there are 1,800,000 *l.* of small notes issued, how much do you think altogether must be kept in the shape of small notes to keep out that quantity of average circulation?—It must be of course a large sum, especially with those banks that have branches. With those banks that have branches, the sum necessary to be kept will be larger from the distance that those branches are from one another; and I believe that it has generally been estimated, that perhaps not quite a half of the average sum kept in the circle would be necessary, or something below it; perhaps if the whole amount is 1,800,000 *l.* it might be necessary to keep 700,000 *l.*

Supposing the small notes were withdrawn, you would not charge yourself with the loss of the interest on the notes so kept above the 1,800,000 *l.* in circulation as a loss?—There is no loss to us now, but if we kept it in gold it would be a loss.

You are now speaking of the quantity of small notes that you think it would be necessary to keep, in order to keep out a circulation of 1,800,000 *l.* in small notes to change for large notes?—Yes.

Then you think it would be necessary to have 2,500,000 sovereigns for the purpose of keeping up a circulation of 1,800,000 sovereigns?—It would require 1,800,000 sovereigns to supply the place of 1,800,000 *l.* notes; and it would require 700,000 to meet the occasional demands.

Then in order to enable you to grant cash credits as at present, the profit upon which you have already said is expected to be derived from your circulation chiefly of small notes, it would require that the loss of keeping 2,500,000 sovereigns should be compensated upon some other branches of your business?—Yes; I stated on a former day that if a per centage were chargeable upon each draft upon those accounts, the banker's loss might be compensated; a sufficient profit might be made up.

You were also asked before, whether the allowing a smaller rate of interest upon the deposit accounts might not be a means of compensating that loss?—It would if we could count upon keeping the same amount of deposits.

You at present charge five per cent upon the advances you make from day to day?—Yes, at the rate of five per cent.

The Committee understand that the advantage to the customer of having these cash credits is this—that he is enabled to command from day to day what sums he requires, at the same rate of interest for the time he employs them that he would be obliged to pay for a longer period, if he were compelled to go into the market and borrow the whole sum that he requires at once?—It is precisely so.

Then if you were to charge upon those advances a higher than the market rate of interest, so as to compensate your loss by the withdrawing of your small currency, would not that advanced rate of interest counterbalance this advantage to your customer?—Yes, I think it would; the customer would not take a cash account at five per cent, and pay a commission upon each draft from it, if it made him pay higher for his money, than he would by the discount of a bill.

Would not that depend upon the rate of commission charged?—Perhaps it would.

Might there not be a commission charged so light as that convenience would induce the customer still to operate upon the cash account?—The commission ought to be not an addition to the interest, but a commission upon the operation; for, supposing we are charging at the rate of six or seven per cent upon a cash account, it might so happen that we had no interest to get; it very often happens that we have interest to pay upon the cash account, and in such case we would have all the inconvenience of the advance of gold, and all the trouble and expense of procuring it, without an adequate compensation for that.

Then are you of opinion, that any charge that would adequately compensate the loss you would sustain by being deprived of the issue of notes upon those cash accounts would be so great as that it would not be worth the while of persons in business to procure those cash credits from you?—I am of opinion, that we could not manage it without charging such a commission upon all the drafts from the bank as would defray the expense of bringing gold to the place of business, and keeping up a supply in the district, in addition to the interest accruing from the operations on the account.

Would that or not be more than it would be worth your customers while to pay, rather than discount a bill with you at the ordinary rate of interest?—I suspect it would be more.

Then, as to the other means of compensation, by giving a lower rate of interest upon

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upon the sums deposited with you, does not the rate of interest you allow upon sums deposited with you always bear a relation to the market rate of interest at the time?—Yes.

You stated on a former day that the rate of interest you had paid upon deposits had varied considerably of late years?—Yes.

And you stated that the reduction of it had reduced the amount of your deposits?—Yes.

When you talk of the expense you would have to incur for the transport of gold, under the supposition which it assumed of the one and two-pound notes being abolished, do you take into consideration the circumstance of the whole of the small currency being in gold?—Yes.

Do you suppose that you would then have to incur the same expense in carrying gold which you now have?—I think there would be a great additional expense incurred, because it would have a tendency to leave one part of the country, and to leave it perhaps altogether, which small notes have not.

Do you not apprehend, that those payments which are now made into your hands as deposits, in small notes, would in that case be made in gold?—I think they would, to some extent.

To that extent you would therefore be saved the expense of carrying gold?—Yes.

Is there any deficiency of silver coin in Glasgow?—No, there is an ample supply of silver coin.

Do the banks there find it necessary to obtain supplies of silver from Edinburgh or elsewhere, to keep up that ample supply?—Yes, regularly from Edinburgh or from London.

Then unless they did feed the market in that way, there would not be an abundance of silver?—No, there would not be an abundance of silver.

Do the tradesmen or merchants who have cash accounts with the bank at Glasgow, pay into the bank any quantity of silver?—A great quantity.

Then how do you account for the silver leaving Glasgow, and making it necessary for the banks to supply silver from other quarters?—The silver is sent out of Glasgow to pay public works in the neighbourhood, and in that way it gradually circulates over the whole country; there are works supplied and paid from Glasgow, in Ayrshire, in Stirlingshire, and in Perthshire.

Is it necessary to take the same means to keep up a proper supply of copper coin in Glasgow?—There is often a considerable difficulty in supplying the copper coin, but I do not know how it is managed.

Does it occur to you, that there is the same tendency in the copper coin to leave Glasgow as there is in the silver coin?—Yes, the copper coin has been taken to Ireland; it was found more valuable there, and it has been substituted with the Irish currency.

Could you state whether there is at present at Glasgow an ample supply of copper coin for the use of the public?—I believe so; I have heard no complaints.

Do you think a further quantity of copper coin might advantageously and conveniently to the inhabitants be circulated?—I think it could.

Does the silver currency circulated at Glasgow consist in any great proportion of crown pieces?—No, it is mostly in smaller coins.

Supposing a considerable addition were made in crown pieces to the circulation of silver in Glasgow, is it your opinion, in the event of the suppression of one-pound notes, that such an addition of crown pieces to the circulation in Glasgow would be a convenient substitution, to a certain degree, for the circulation of one-pound notes?—It would be convenient; but it would be inconvenient too, from its weight.

Is there any other inconvenience than its weight which you contemplate from an additional circulation of crown pieces?—The same inconvenience that I contemplate with gold, the expense of a continual importation of it to supply the demand.

Is it not your opinion, that the transmission of silver from Glasgow, or from any other given district to a distant part of Scotland, would be less frequent than the transmission of sovereigns would be?—Yes, it would be less frequent.

Then is it your opinion, that a considerable addition to the present silver currency of Glasgow might take place, and permanently remain for the use of the district in which it would be so circulated?—I do not think it, the demand is most readily met in all cases for the supply of silver. Silver is never wanted, but it is easily got; if, for example, I pay 1,000*l.* of small notes for the payment of Mr. Finlay's works, which are situated in Ayrshire, in Stirlingshire, and in Perthshire,
I generally

I generally accompany the payment with 100*l.* of silver currency, that he divides and forwards to those places: the silver currency never returns to Glasgow, because it is beyond the circle of Glasgow.

How then do you fill up the supply?—I get it from Edinburgh, and from the customers of the bank, who make deposits into their accounts in small proportions of silver.

Is there upon the whole, at present, what you conceive to be an ample supply of silver currency for the use of the inhabitants of Glasgow and its neighbourhood?—There is, with the assistance that is given to it by bringing it from Edinburgh.

Without bringing it from Edinburgh would there be an ample supply?—I do not think there would.

As you send a quantity of silver to pay the workmen in the country districts, is there a superabundance of silver in those districts?—Certainly there is; I have got repeatedly from the Ayr Bank sums of silver, which I considered were accumulated in that particular district by the payment of those works that are conducted by Glasgow manufacturers, who have drawn silver for their payments from the Royal Bank at Glasgow.

Do you receive lodgments in silver to any amount when offered?—Yes, very readily.

Does any bullion come straight to Glasgow?—Not of late.

What is the distance of Mr. Finlay's works from Glasgow, to which you say he sends a supply of silver?—In Perthshire, perhaps it is about 35 miles; in Stirlingshire about 17 miles, and in Ayrshire about 25 miles.

What is the reason that Mr. Finlay wishes to go to the expense of transporting silver that distance, instead of sending it in paper, which would be cheaper?—The paper would not pay the wages alone.

Is it because there is a want of silver currency in those districts where the workmen are to be paid?—No, there is no want of silver currency in those districts, but another bank would not be inclined to give silver for Royal Bank small notes, which are circulated in the payment of Mr. Finlay's and others wages, and, therefore, they claim it as a right from the bank to give the requisite quantity of silver.

Do you know whether the Royal Bank at Edinburgh find it necessary to get supplies of silver from London?—Regularly.

Therefore there must be a tendency upon the whole in the silver coin to leave Scotland?—Yes.

How do you account for this tendency of the silver currency to leave Scotland?—I can only account for it by the fact, that the Royal Bank at Edinburgh has regularly to send for it to London; I have accounted for its disappearing from Glasgow, but I cannot account for it otherwise; it does not return to the Royal Bank, and I have not found that any other bank has exported it from Scotland.

Is there a tendency in the coin to move from one part of the country to another, if there is a difference of exchange in favour of the latter district?—I do not see that there is; there is no difference of exchange between one part of Scotland and another that I am aware of, except the mere expense of the transmission. The circulation itself is conducted without any expense, because it is the operative people that carry it from one part to another, and it disappears in the ordinary course of business.

Do you give a bill upon Edinburgh or Glasgow without making any charge?—It requires a stamp.

But no further charge than the stamp?—There are very few bills drawn at Glasgow upon Edinburgh; the old practice used to be, to draw at four days date, but it is almost discontinued. We generally receive sums from Edinburgh persons when in Glasgow, to be put to their credit in Edinburgh; we just receive the money, and it is passed to the credit of the account the next day at Edinburgh.

Have you any belief that the silver from Scotland does go to Ireland, or ever did go to Ireland?—I have understood that it did sometimes.

You have stated that the Royal Bank have quantities of silver sent from London; do you not believe that all the other chartered banks and many of the private banks have also silver sent from London?—I believe they have; but I have no means of knowing that.

You have no belief that the silver which leaves Scotland goes to England?—No; except in the ordinary course of business.

You have heard that it has gone to Ireland?—I have.

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Do you not believe that has been the case?—I do not think it has to any considerable extent.

Do you not think that a year or nine months ago, a large quantity went to Ireland?—I have no knowledge of any such circumstance.

When the bank discounts a bill for any person, is it matter of indifference to the bank whether the bill is discounted in five-pound notes or in one-pound notes?—If the notes are to be circulated, the bank would prefer that it should be in one-pound notes, because they are more likely to remain in circulation than larger ones.

Is not the tendency of this preference, to make the number of one-pound notes in circulation bear a larger proportion to the other notes than would otherwise be the case?—Perhaps it is; but if parties found five-pound notes more convenient, they would ask for them and get them.

If the one-pound notes were abolished, of course the bank would prefer discounting the bill in five-pound notes rather than in sovereigns?—Yes, they would prefer it.

Would not that have a tendency to make the proportion of five-pound notes in the circulating medium of the country greater than it is now?—Very little. The people are so well aware of interest being paid on deposits that they do not keep any notes on hand; if they reside in a town, or within a convenient distance from the bank, they can pay in very small sums, any thing they have; therefore there are no superfluous notes kept, there is no over issue of notes of that description; no person keeps a larger stock on hand than he needs for small payments.

When the drovers bring you the London bills to discount, have not they the option whether they will take gold or notes?—They may have the option to demand gold for their notes, but they never ask for it.

In point of fact, do they generally ask for notes or for gold?—They ask for notes, I speak more from my belief than from any knowledge of the circumstance; they do not transact business with me in Glasgow.

As the paper circulation of Scotland is now regulated, you state that the bankers give a decided preference to the circulation of one-pound notes; do you not suppose that if one-pound notes were abolished a very large proportion of the circulation would then be conducted in the form of five-pound notes?—It would be so conducted; but five-pound notes would not remain in the circle, as not being convenient for those transactions which promote circulation.

Does the bank prescribe the kind of notes that the customer is to take, or does he ask for it?—He always asks for it.

You say that five-pound notes would not keep out in circulation, but would be returned; how would they be returned to the bank?—They would be returned in two ways, in the lodgments on cash accounts, or in a demand for an exchange of gold.

But the amount of the whole circulation would remain pretty much the same, the sovereigns being substituted for one-pound notes?—Sovereigns would occupy the place of one-pound notes.

Then do not you suppose that if the bankers now, by giving a preference to one-pound notes, the issue of those being more advantageous to them than the issue of five-pound notes, are thereby enabled to keep up a larger portion of one-pound notes, in proportion to the amount of five-pound notes, that when the interest of the bankers became such as to induce them to issue five-pound notes, an increase of five-pound notes would ensue?—That does not follow; I do not think that any persons keep notes in order to accommodate the banks, or to promote the banks profit; I do not think any person in Scotland would be disposed to keep notes unproductive by him.

Would not the five-pound notes in that case have to a certain degree the effect of driving out a portion of the sovereigns, and remaining in circulation in their stead?—I scarcely think they would; it would be to a very inconsiderable degree, if at all: the one-pound notes as they are used in Scotland, and the inducement that people have to deposit with the banks, prevent any thing like an over issue being in the circle.

Would not the five-pound notes have to a certain degree the same tendency which one-pound notes have in a greater degree to occupy the place of gold coin?—It would be very inconsiderable.

Has not a merchant at Glasgow, though not a large sum, always some money by him?—Yes, persons concerned in manufactories, cotton spinners, &c. &c.

What do you suppose that may be?—40 l. or 50 l.

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Do you suppose that 40 *l.* of the 50 *l.* would be entirely in sovereigns?—It would be in sovereigns, if the notes under 5 *l.* were abolished.

You think no part of it would be in five pound notes?—No, it would not answer the purpose.

To return to the subject of deposit accounts, you have stated that to keep up a circulation of about 1,800,000 *l.* would require a stock of gold coin of about 2,500,000 *l.* the loss upon which sum at five per cent would be 125,000 *l.* per annum; the expense has been calculated at about one and a half per cent on 1,800,000 *l.* which would amount to about 27,000 *l.*, leaving the sum of 98,000 *l.* as the net loss that would be incurred by this difference in the currency. The amount of deposits in Scotland has been estimated at 20,000,000 *l.*; a half per cent on 20,000,000 *l.* would amount to 100,000 *l.*, about compensating the 98,000 *l.* of loss, if that half per cent were deducted from the rate of interest now allowed upon deposits, therefore it would require a lowering of the interest upon sums deposited with the banks by about a half, or three quarters per cent, in order to make up that difference, would it not?—Perhaps it would.

Do you think that a lowering of the interest paid upon deposits to that extent, would materially lessen the amount of the sums deposited with the banks?—I think it would.

Are the sums deposited with the banks in general large or small?—More than a half of the deposits in the banks in Scotland that I have been connected with are in sums of from 10 *l.* to 200 *l.*

The larger deposits are placed with the banks to answer the purposes that may arise to those who deposit them; would they not be first affected by the lowering of the rate of interest paid upon them?—Yes, they would; I consider they would go away immediately.

Which are about one half of the whole of the deposits?—Perhaps they are about the half.

What class of the community is it that makes the smaller deposits?—They are generally the labouring classes in towns like Glasgow. In country places like Perth and Aberdeen it is from servants and fishermen, and just that class of the community who save from their earnings, in mere trifles, small sums till they come to be a bank deposit. There is now a facility for their placing money in the provident banks, who receive money till the deposit amounts to 10 *l.*; when it comes to 10 *l.* it is equal to the minimum of a bank deposit. The system of banking in Scotland altogether is just an extension of the provident bank system; half yearly or yearly those depositors come to the bank and add the savings of their labour, with the interest that has accrued upon the deposit from the previous half year or year, to the principal; and in this way it goes on without being at all reduced, accumulating till the depositor is able, either to buy or build a house, when it comes to be one or two or three hundred pounds, or till he is able to commence business as a master in the line in which he has hitherto been a servant; a great part of the depositors of the bank are of that description, and a great part of the most thriving of our farmers and manufacturers have arisen from such beginnings.

At Glasgow, which is the centre of the greatest manufacturing district of Scotland, do you know many instances of those deposits among the manufacturing labourers?—Yes.

Do you think that one half of the deposits made with you as agent for the Royal Bank at Glasgow, consists of this class of deposits made by manufacturing labourers?—I should think very nearly so, manufacturing and other labourers; all descriptions of people.

You have resided for two years at Perth in connection with the banking business?—Yes.

Which is one of the greatest agricultural districts of Scotland?—Yes.

Does it consist with your knowledge that the same thing takes place among the agricultural labourers as you have just described to take place among the manufacturing labourers?—Yes, the deposits are to a large amount among that class of people, perhaps to a larger amount than among the rest of the population.

You resided for twelve years at Aberdeen, also, connected with the banking business, which has an agricultural country in the neighbourhood of it, being itself a manufacturing town?—Yes.

Did the same thing take place there amongst all the different descriptions of labourers?—Yes, among the sailors; among the salmon fishers; amongst persons engaged in agricultural work, and about the manufactories.

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Then, as it is your opinion that any lessening of the rate of interest paid upon deposits to such an extent below the rate of interest now paid as would compensate to the banks the loss they would derive from depriving them of the circulation of their small notes, would deprive you of your larger deposits, it would require such a lowering of the interest paid upon the smaller deposits as should compensate that loss before you could continue the system of cash credits?—Yes, I think the effect of it would be to impose an assessment on that class of the community that are the most deserving and could least afford it.

Would it not most materially check the habits of accumulation, and those habits of industry and sobriety which depend upon that turn of mind in the labouring classes of the people of Scotland?—I think it would have a tendency to suppress that; and I think inasmuch as it did suppress it, that the large fund derived from the accumulated savings of that class of people would be lost to the community which is now used, and is available for the purposes of carrying on the business of the country.

You mean the business of banking?—The business of banking, and through the banker the commercial business of the country.

Are you of opinion that the deposits in the banks of Scotland have been fairly estimated when stated at about the amount of twenty millions?—I have no means of knowing that; but when I say that I believe that that class of the community furnish one half of the whole of the deposits, whatever it may be, I speak from the experience I have had at those places that have been referred to.

Where do you think that the larger deposits which you suppose would be withdrawn would be employed?—I think it is probable that they would be partly employed on heritable securities and partly invested in government securities.

What rate of interest do heritable securities now bring?—Five per cent.

You have already stated that the disposable funds of a bank for carrying on its business consist, in the first place, of its real capital advanced by its partners; in the second place, of the amount of its deposits; and in the third place, of the amount of its paper currency?—Yes.

You have stated that by the abolition of the small-note currency somewhere under one half of its whole amount of currency will be annihilated, and consequently its means so far restricted?—Yes.

You have now stated that you think one half of that part of its means which consists of money deposited with it would be annihilated by the same measure; is that your opinion?—Yes.

Do you think that there is an effectual demand for loans in Scotland upon heritable securities to the extent of ten millions?—I am not aware what the demand may be for that; it is very considerable; I should think it was greatly overrated at that.

You think it would not be possible to lay out ten millions upon heritable securities?—No.

Are you aware that there are banks in Scotland that grant interest upon deposits at the same rate with the Royal Bank, that do not issue notes?—Yes.

How are they able to do that, not deriving the benefit of issuing small notes?—Those banks that do not issue notes are generally the agents of the country banks in Edinburgh for retiring those notes that are exchanged twice a week; and they have separate allowances; they have salaries, or a per centage, for that department of their business.

That is another source of profit; unless they could afford it they would not give the same rate of interest for deposits that you mention?—They have the profit between borrowing and lending, without any expense of keeping up a circulation, or without being under the necessity of keeping any fund.

The Committee do not understand you to say that the abolition of the small-note circulation would interfere with the business of the banks in discounting bills, and carrying on the other parts of their business, except in so far as it might limit their capital, but that its effect would be to abolish that part of their business which consists in the granting of cash accounts; is that so?—I think so.

Do not you think that the banking business in Scotland would bear some reduction of the profits that are derived from it?—I do not.

Be so good as tell the Committee what was the original subscription for shares to the three chartered banks; begin with the Royal Bank?—The Royal Bank original subscription was 100*l.* per share.

What

What is the present value of the shares of the Royal Bank in the market?—They sell for 165*l.* to 170*l.*

What was the original subscription to the Bank of Scotland?—£. 83. 6*s.* 8*d.*

What is the value of those shares in the market now?—It is under 200*l.* I think.

What was the original subscription to the British Linen Company?—£. 100.

What is the present value of the shares?—I believe there has been no sale there; above 300*l.* the last sale, I understood.

Supposing there was a bank established now with a subscription of 100*l.* shares, and with the prospect that at the end of twenty years the shares would be worth 150*l.*, do not you apprehend that would be a sufficient inducement for the establishment of such a company at present?—I do not think there is much room for it.

What was the original subscription to the Commercial Bank of Scotland?—I understood it was 500*l.*, but that only 100*l.* has been called in.

What does a 500*l.* share, of which only one fifth has been paid in, sell for in the market?—About 200*l.*; it has fallen, I do not know exactly.

How long has that bank been established?—Perhaps fifteen or sixteen years.

Do not you think that an increase in the value of the shares of less than a hundred per cent would be a sufficient inducement to the formation of banking companies in Scotland?—I do not think it.

When was the National Bank of Scotland established?—Last year.

Are the shares of that bank 10*l.* shares?—I am not acquainted with their matters.

Do you know what the sum paid up upon the National Bank is?—I think it is 10*l.* a share.

What do the shares sell for now?—They are at a discount, I believe.

Is it possible that the rate of profit upon one trade in the country can be greater than the rate of profit upon another, without the protection of a monopoly?—I cannot answer the question; perhaps it may.

Would not competition bring down the rate of profit on banking in Scotland, if that profit was greater than the rate of profit made by other trades?—It has brought it down.

Is the dividend paid upon 100*l.* shares of the Royal Bank of Scotland a matter of public notoriety?—Yes.

What is it now?—6*l.* upon the 100*l.*

Is the sum divided by way of bonus made known?—Yes; there was a bonus given lately, twelve and a half per cent upon the amount of stock.

That is independently of the six per cent?—Yes; but we got it some years ago.

When was that?—About three years ago.

What was the last preceding addition?—It was to the capital: they had an Act of Parliament to extend the capital from one million to a million and a half, and the profits were accumulated to the extent of half a million, and it was added to the capital, giving to every person that held two shares an addition of one.

When did that Act pass?—It was about 1818 that it took place.

And the bonus of twelve and a half per cent was subsequently to that?—Yes, it was.

There are four banking establishments at Dundee at present?—Yes.

The profits made by banking at Dundee, of course may be presumed to be sufficient to support four different banks, may they not?—I think there are too many of them there.

The profits now made by banking are sufficient to support four banking establishments at Dundee, namely the Dundee Banking Company, the Dundee New Bank, the Dundee Commercial Bank, and the Dundee Union Bank?—I suppose so.

The establishment of each of those banks is a considerable expense?—Very considerable.

If there were two banks doing the same amount of business that the four do at present, there would be a saving in the expense of the establishments?—Yes.

Then supposing the effect of an obligation to make small payments in coin was a reduction of the banking establishments at Dundee from four to two, whatever saving there was in the amount of the establishments would be a diminution of the charge which the obligation to pay in gold would impose?—It would.

Supposing that the deposits were, as you apprehend would be the case, withdrawn to a considerable amount from the banks in Scotland, provided you are obliged to

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reduce the rate of interest upon deposits, those deposits would be applied in some other way that returned a profit to the proprietor, would they not?—Yes; he would get either interest upon heritable security, or dividends upon government securities.

Supposing the owner of a deposit found he could make six per cent by granting cash credits, is it not probable that he would apply his property in the grant of cash credits rather than take heritable securities at five per cent?—He could not give credits, because that implies that there are to be daily operations upon them.

Do not you apprehend that it is probable that in those parts of the country from which you reduced your branches, the amount of deposits withdrawn in consequence of your reduction of interest would be applied to the formation of new banking companies, provided a sufficient profit could be gained by it?—Perhaps it might; but it does not appear to me that the profit upon it, without the advantage of a circulation, would be such as to induce any person to embark in the mere business of borrowing and lending money.

You do not think that Dundee and the neighbourhood would suffer, provided the same amount of business was done by two banking establishments that is done now by four?—I do not.

Does the same answer apply to Aberdeen and other parts of the country?—I think if the same extent of business was done, the public would not suffer.

Supposing two millions of small notes be sufficient to provide for the ordinary circulation of Scotland, would it not be impossible to keep out 2,500,000 *l.* or any considerable sum beyond that?—I think it would be quite impossible.

Each note of the two millions of small notes which is kept out, and which is only sufficient for the circulation of Scotland, is worth the sum which it professes to be worth, is not it?—Yes.

It is fully worth a pound?—Yes.

When a poor man makes a deposit with you, in what description of notes is his deposit made?—The promiscuous notes that he gets in payment of his labour.

Are they generally one-pound notes?—Yes.

If the poor man now is willing to make a deposit of a one-pound note which is fully worth a sovereign, why should he have any hesitation in making his deposit hereafter in sovereigns, provided sovereigns supplied the place of one-pound notes?—He would have no hesitation, neither would the bank have any hesitation to take it.

Then why should the withdrawalment of one-pound notes be any check upon the accumulation of money by the manufacturing classes?—It would be a reduction of interest that would be the check upon its accumulation; we could not afford to give the same rate of interest upon it.

What rate of interest do you give now?—Four per cent.

Supposing you gave three per cent, would a poor man rather keep his 5 *l.* by him unproductive, or lodge it with you and gain three per cent upon it?—They would probably lodge it with me for three per cent; but if the effect of our reduction were to be the withdrawing of the rich man's deposits as opposed to the poor man's, we would be obliged to reduce it to a still lower rate of interest.

The large deposits withdrawn from you would be employed in some way or other, increasing the accumulation of productive capital, would they not?—Yes, they would.

Could heritable security be obtained for small sums deposited?—Not for very small sums; for two or three hundred pounds they might.

Not for 5 *l.* or 10 *l.* or 20 *l.*?—No.

What are the banks that refused to give silver for your one-pound notes?—They did not refuse.

Why does Mr. Finlay send down a hundred pounds worth of silver to a manufacturing establishment at the distance of thirty-five miles from Glasgow?—Because his manufactory is at the distance of five or six miles from any bank; in one case it is seven miles, and in the other case six miles, and it is more convenient to send the silver along with the small notes.

If there be a bank within five miles of his manufactory, why is he at the expense of taking silver from Glasgow, a distance of thirty-five miles?—He would reckon that he was imposing a hardship upon a bank with which he did no business, to ask silver from them for notes not their own.

Have you made any calculation of the expense of taking silver from Glasgow to those manufactories?—There is no expense in taking the silver from Glasgow to those

those manufactories; he sends it out when his own people and his carts are going out, every week; he has a wareroom in town that requires a constant communication between Glasgow and the works.

Did you ever hear of his sustaining any loss in the carriage of that silver?—Never.

Why do you apprehend that the transport of gold from one part of the country to another, which is a much less bulky article, should subject persons to any great expense?—If Mr. Finlay had the gold to send from Glasgow to his works, it would not cost more than sending the notes and the silver would do; but if I had it to bring back, I could not ask Mr. Finlay to bring it for me, or to send for it, I must employ a regular carrier to do it, and the carriers are in the habit of charging not the ordinary carriage for the weight merely, but a kind of insurance for the risk which is incurred in bringing that silver from one place to another, insomuch that I rather think that the insurance and carriage of 500 *l.* worth of silver between Edinburgh and Glasgow is about 30 *s.*

What is the charge in a stage-coach from Edinburgh to Glasgow?—It is from 12 *s.* to 14 *s.*

Does it not seem extraordinary if the charge for a man who travels by a coach is only 12 *s.* that the insurance of 500 *l.* worth of silver should amount to 30 *s.*?—It is high, but it is the usual charge when it comes by the carrier; I do not suppose the coach would take it.

What would be the weight of 500 *l.* worth of gold?—It would not be heavy, it would not cost so much, but the transmission of gold from London to Edinburgh would cost a good deal, from one half to three quarters per cent.

When a poor man makes a deposit, he makes that deposit frequently in silver, does not he?—Yes.

What is the lowest amount of deposit you admit?—£. 10 is understood to be the rule; but I have upon all occasions received the lowest deposit that has ever been offered by a poor man.

Do you receive fresh deposits in the course of almost every day?—Every day.

Is there ever a day passes in which you do not receive silver in deposit?—Never.

And you pay it out again?—Yes, as freely as we receive it.

Do not you apprehend that the whole system of receiving deposits in gold, and paying it out again, would be conducted in the same way in which deposits of silver and repayments are made?—It would be conducted precisely in the same way, but without the adventitious circumstance of a profit.

In what sums do the larger class of depositors with you make their deposits generally?—In hundreds and thousands.

What is the general average of sums paid at the same time?—Of all amounts; I have had from 100 *l.* to 40,000 *l.*

With respect to persons who deposit sums of 100 *l.* or 200 *l.* in your bank, do you not think it would be more advantageous to them, and much cheaper to them, to make those deposits with you from time to time than to send them to London to be invested in the funds, even although the rate of interest which you allowed should be somewhat less than the rate of interest which public securities would afford, seeing they would save all the expense arising from such investment in public securities?—Yes, it could sometimes be for their interest to allow it to remain with us, even at a less rate of interest than they would derive in the funds; but the hope of a rise in the funds, and other considerations, would lead them to make the experiment.

Have they not also greater facilities in getting back their deposits from you than they would have of getting their money out of the funds?—Yes, there is no expense attending the operation with us.

And it is a quicker operation?—Yes.

Are the issues of the banks in Scotland universally regulated by the amount of their in-paid capital?—They should be, but I suspect they are not; I have no means of knowing that: the reason that I suspect they are not is, that if the circulation of the whole is four millions, or any thing like it, I merely suppose that others have a larger proportion of it than the bank I am connected with have, and the bank in which I have the honour to be has the largest in-paid capital in Scotland, but perhaps it may be from our having only one branch that our circulation is smaller in proportion.

If a bank regulates its issues by the amount of its deposits, not by its in-paid capital, what must be the consequence of those deposits being withdrawn?—It

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exposes them to a sudden check in the amount of their business in their discounts and issues.

Might not one of the consequences be a demand for paying up an additional instalment of the sum originally subscribed for?—Yes, where they have the power of doing it; but in some banks they have not the power of calling for a new subscription.

In those where they have, would not the demand for an additional subscription lessen, in a very material degree, the inconvenience that might arise from a reduction of the amount of deposits?—Certainly.

Have you not occasion to know, that on occasions of panic the deposits are drawn from the small banks and placed in the large ones?—Yes, I believe they are.

Does not that expose the small banks to great difficulties by that proceeding in difficult times?—I have had occasion frequently to complain that it produced a greater pressure upon the chartered banks and banks of capital than was convenient or agreeable.

How did it produce a pressure upon the chartered banks, by putting in money drawn from the small banks?—Taking money from the small banks disabled them from granting their wonted accommodations, and the parties who required accommodation went where they thought they could get it.

In point of fact, has this pressure produced failures of banks in Scotland?—None.

Does the amount of the notes of the Royal Bank in circulation vary much from time to time?—I believe not; they are very steady.

Do you speak of the number of notes in circulation in late periods? The Committee wish to remind you that there was a Return presented to a Committee of the House of Commons in 1819, showing a considerable fluctuation.—I have not the means of knowing it; my business is entirely with the branch; and though I receive the notes as I wish them, to supply the demand in Glasgow, I have not exactly the means of knowing what the circulation itself is, or its variation from time to time, except accidentally when I happen to be in Edinburgh, or when I receive information from any of the directors that happen to be in Glasgow.

Although the present system of banking in Scotland may be considered sound, what security have the public that it shall continue so?—They have the security of the in-paid stock of each bank as the principal one, that must be lost before the public would suffer, and the security of the individual partners; they are bound jointly and severally to the whole extent of their fortunes.

What is there to prevent banks being set up upon a more unsound principle, and attempting to force their paper into circulation in a manner contrary to those principles by which a bank ought to govern its conduct?—I know of no restraint except the consent of the trade generally; they would refuse their notes; there is no legislative restraint.

Do you allude to the general trade, or to the trade of bankers?—The trade of bankers.

Do you think that the want of that consent is sufficiently powerful to prevent banks being established in Scotland of a speculative and improper character?—I think it would be sufficiently powerful to prevent the circulation of their notes to any great extent beyond the place where they were issued.

Do you consider that the existing banks carry on their business of issuing notes upon a principle of competition with each other?—I think they do.

Would you say that they act upon the contrary principle; namely, of combination with each other?—I think that is impossible.

Do the institutions of Scotland enable parties to know the heritable property that individuals in that country possess?—I think they do.

Must not every conveyance be recorded openly for the inspection of the whole world before it is valid?—Yes.

And if any debt is to affect that property, must not that also be recorded before it is valid?—Yes.

Do not those two means enable parties in Scotland to know the extent of landed property, and the burthens upon it, which belongs to any individual partner in a company?—Certainly.

Does the narrowness of the country afford any additional means of knowing the circumstances of individuals?—Yes.

Is not every body known in Scotland?—Every body is pretty well known.

Provided

Provided the public are quite satisfied of the competency of the parties who carry on a bank to fulfil all their obligations, is not that all the security against any abuses of banking that the public need have?—I think that is a very good security to the public.

Do not you think it would be an advantage that the banking companies in Scotland should be allowed to issue ten-shilling notes?—No.

Why not?—There were five-shilling notes at one time, they were found not to answer.

What objection could there be to the issue of ten-shilling notes, by a company which was perfectly able to discharge all its obligations, on account of the landed property of the parties?—It would be inconvenient.

In what respect?—They are so bulky, they would not be portable, they could not be carried about with convenience; we find the twenty-shilling notes are a small enough denomination of note, with the supply of silver we find in the country.

Would the bulk of them be inconvenient to all that class of persons whose dealings are in sums of less than 5*l.*?—Perhaps not, but they are not called for.

The Committee understand that your reason for considering the continuance of the small-note circulation in Scotland as desirable was, that the general nature of the transactions there requires a currency in paper below 5*l.*?—It is so.

Then for all that part of the transactions which amount to less than 5*l.* the bulk of ten-shilling notes would be no objection?—I think if there were ten-shilling notes, it would have the effect of putting silver out of the circle to an inconvenient extent.

What objection would there be to putting silver out of the circle?—It would be very inconvenient if we could not get it at any time when it is wanted.

Do not you say that you now find it an inconvenience to be obliged to bring silver from London?—We find it an expense, but it is a part of our business, we lay our account with it.

What objections could apply to the expense of bringing gold from London, in order to supply the gold circulation of Scotland, which do not apply in principle, although they may not apply in degree, to the bringing silver from London to supply the silver circulation?—It would be to a much larger amount, and require the use of a great deal more capital.

A ten-shilling note could only displace that part of the silver circulation of Scotland which is now required for the discharge of payments above 10*s.*, for all payments of 4*s.* and 5*s.* it would still leave a sufficiency of silver circulation?—I think the effect of it would be to lessen the quantity of silver considerably.

But the effect of it would be to increase the profit of banking, would it not?—I do not think so.

It would relieve you from the expense of bringing silver from London?—We find it more expedient to have the silver; we prefer it.

Why should not the public be equally well content with a ten-shilling note, provided the landed property of the partners composing the bank gave perfect security that they were able to discharge all their obligations?—I cannot account for the feeling of the public; but there has never been any demand for small notes of that description; the five-shilling notes when they existed were found extremely inconvenient, and liable to be torn and destroyed, and both the banks and the public with one consent agreed to give them up.

You have said that times of panic have occurred in Scotland, when people withdrew their deposits from the small banks, which caused what you called an inconvenient pressure upon the large banks?—Yes.

The panic to which you have referred was some impression that the small banks might not be able to discharge their obligations?—Though I have known that take place, I never knew it to the extent that you would call here a panic, and it has never been to the extent of really affecting the credit of any bank in public estimation; but it has had the effect, with other circumstances connected with the present times, of making those banks withdraw the accommodation by discounts, and more cautious in the general issues, which they gave out as a precautionary system.

Supposing there were a general panic in Scotland, leading to a distrust for the security of paper currency, and to the general and simultaneous demand for gold, in what manner would the banks of Scotland, which have contracted to pay all their debts in paper, in gold, provide the means of discharging those obligations?—I think that the balance on the credit of the banks of Scotland in London is the fund from

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which gold would legitimately come, and that no panic could happen so suddenly as to take any bank by surprise. There is a sufficient quantity of gold in Scotland, scattered as the business of Scotland is, among the branches of the larger banks, and among also branches of smaller banks there is a sufficient quantity of gold to meet any very sudden pressure; and before the panic could go to a great extent, I think they have resources in London, which they could convert into gold, and bring to their assistance to meet any thing that could possibly happen.

There are three sorts of obligation which a Scotch banker incurs; first, the obligation to pay his notes on demand in gold; next, to advance to the parties who have cash credits the sums he undertakes to advance upon cash credit; and thirdly, to repay to the party who makes a deposit in a Scotch bank the amount of that deposit?—Yes.

Might not every party who makes a deposit with a Scotch banker demand, either directly or indirectly, the repayment of that deposit in gold?—Yes, they might, but I think it extremely improbable that it would be done; an experience of one hundred years is something in favour of that probability.

The question refers to a time of great panic, leading to a distrust of paper security; do you think it possible that any arrangement could be made in a period of panic such as that which is spoken of, by which the banking establishments of Scotland would be enabled to meet a general and simultaneous demand for the payment of their notes and the payment of their deposits in gold?—I think the only source they have would be the funds which they keep in London, and which are convertible into gold.

Would not they rely exclusively upon the Bank of England for their supply?—No, they would rely upon their own funds; they would not go to borrow gold from the Bank of England; they would sell their government securities; they would sell exchequer bills, or three per cent, or something, to convert it into gold: if they got payment in gold, they would bring down the gold for payment in Edinburgh; if they got payment in Bank of England notes, the Bank of England must give them gold.

But the Bank of England would be the source?—They would only be paying their debts; they are bound to pay their notes in gold.

You would offer something to the Bank of England which the Bank of England would be bound to pay?—Yes.

Do you think that such a demand for gold is so likely to occur in a country which was already provided with a gold circulation, with which the people were perfectly familiar, and of course in which the gold was held in a great part by the lower classes of people, as in a country in which the whole circulation was conducted with paper?—I think if we had a larger proportion of gold currency than we have had, it would be much more likely that the panic would go in that direction, but not in the present state of Scotland; there is a prejudice against gold. Although I have been for ten years in an office that perhaps does more business than any other individual office in Scotland, or out of London, I can state as my experience, that I have never refused gold to any person that wished it; they only ask it when they have occasion to go to Ireland or to England, or to emigrate to America. I can state it as a fact, that ten thousand sovereigns would have supplied all the demand for the ten years I have been in Glasgow.

You said just now, that the effect of ten-shilling notes, would be to displace the silver currency of the country?—It might have been, I think.

Do not you apprehend that the gold currency of the country is displaced, precisely upon the same principle, by the permission to issue notes below 5*l*.—Yes, but it is displaced by currency equally efficient and equally convertible.

But the prejudice against gold is the same thing?—The prejudice against gold is simply on account of the trouble attending it; it is weighed; when it is found light, people refuse it; the country people are afraid to touch it; there is not a district in Scotland, but where, if you were endeavouring to pass a sovereign, they would say if you had a note of any bank in Scotland they would prefer it.

Is there the same difficulty in passing silver?—It is so well known, that nobody refuses it.

Did it ever happen to you to have a forgery of the Royal Bank notes?—Yes.

Are other banks in Scotland subject to forgeries of their notes?—Yes.

Do those forgeries ever fall into the hands of the lower classes of people?—Sometimes.

Have they any means of detecting a forgery?—Yes.

Do

Do you apprehend that the coining of money prevails to any extent in Scotland?—No.

Do you think there are any counterfeit sovereigns in circulation in Scotland?—No.

Do the banks always pay forged notes?—We have paid most of ours.

Did you ever refuse to pay a forgery?—Yes, I have, under circumstances where I suspected the party, or where the imitation was very bad.

Have you any means of ascertaining to what extent forgery goes in Scotland?—No; the forgeries generally come from Belfast; they have a manufactory of them there.

Are they imported to Belfast from England?—No, they are made there.

Have they been to any considerable amount in any one year?—No, not to a very large amount.

What is the largest sum that has been forged upon your bank in any one year?—I suppose that the forgeries altogether upon the Royal Bank have not exceeded 1,000*l.* of twenty-shilling notes.

Taking all the years?—Yes.

Have you any reason to believe that there were at any time any large number of forgeries upon the bank at Ayr sent from the north of Ireland?—No.

Do you recollect some forgeries on the bank at Paisley?—Yes.

To any considerable extent?—Not to a large extent; perhaps a few hundred pounds.

Are the five-pound notes ever forged?—Never.

Did you ever know an instance of a five-pound note being forged?—Not a Scotch one.

You never knew an instance of a ten-pound Scotch note being forged?—Never.

At least there would be this advantage from the establishment of a gold currency in Scotland, that it would put down forgery altogether?—It might do that, but it would have disadvantages. I do not conceive that it exists to that alarming extent as to call for such an interposition.

Is it your opinion that the necessity, after a time, of weighing guineas, would countervail the advantage of the prevention of forgeries?—I think there would be as many forged sovereigns as forged notes.

Would the necessity, after a time, of weighing guineas, countervail the advantage of preventing the forgery of notes to any extent to which your experience has known it to go?—I do not think it.

Have the lower orders of people any additional facility in discovering a forged note over what they have of discovering base coin?—Those persons in Scotland that cannot read writing are few; those that can, generally discover the difference between the signatures. The signatures of forged notes are uniformly done on the plate, the signatures of real notes are done with a pen.

Cannot persons mark on the notes the names of the individuals from whom they take them?—Yes.

Which they cannot do upon gold?—No.

Are not the public more liable to be injured by base coin than by forged notes?—I think they are very liable to be injured by both, if it prevails to any extent.

Do you think it is easier to guard against forged notes or against base coin?—I think they are much about the same.

Are notes signed at the branches where they are issued?—No; they are dated and signed at Edinburgh, at the parent establishments.

Then the note is signed at Edinburgh, and issued at Glasgow?—Yes.

Therefore the people at Glasgow that take that note have no means of verifying the signature?—The people at Glasgow are as well acquainted with the note as the people at Edinburgh.

Does the same person always sign them?—Always the same.

Did any dangerous run take place upon the banks in Scotland in the year 1745?—I believe not.

Has any run of that description at any time taken place, arising from a panic in England?—I believe at one time there was a run in Scotland between some banks; it was one bank running down another bank, I believe. In 1728, the Royal Bank made a run upon the Bank of Scotland, and then there was after that a course of warfare between some Glasgow banks and some Aberdeen banks; but there has never been any thing like a panic among the people.

Supposing the small notes were abolished in Scotland, and specie introduced in their

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their place, do you think that there would be less likelihood of a panic in Scotland under those circumstances than there has been heretofore?—No; I think there would be a greater chance of a panic in Scotland.

Do you think that the introducing specie into Scotland might also introduce that habit of panic which has existed in this country?—I think so.

If an individual in Scotland receives a one-pound note, can he not identify it by placing the name of the individual on the note that gave it to him?—Certainly.

Can he not return that note to the individual that gave it to him if it turns out to be forged?—Yes.

In the event of his receiving a sovereign which is afterwards found to be light, is there any way of identifying that sovereign?—I do not know of any.

Would he not therefore suffer the loss of that sovereign without knowing from whom he received it?—He would.

Are not the banks usually in the habit of taking their forged notes from country people?—Yes.

Do you know any instance of that being refused when they have been applied to fairly?—Very seldom, except under suspicious circumstances. The answer I give in such a case is, Where did you get it? and if the person says, I do not know, I say, Then you must inquire; and if they refuse to inquire, then I will not pay it, suspecting they are accessory to the issuing of it, knowing it to be forged.

What steps do you take for the purpose of preventing forgery; is it thought better for the bank to say nothing about it, or to give notice that forgeries are in existence, and to advertise a reward for the detection of the person who forged the note?—In point of fact, the banks do advertise and describe the forgeries, and warn the public against them.

Have you ever prosecuted forgeries?—I believe so; but it does not fall under my department.

Do you conceive that the lower classes in Scotland are less intelligent than the lower classes in England?—No, it does not strike me that they are so.

Then do you suppose they would be less likely to be able to detect a base sovereign than the common people in England are?—No, I do not.

They would therefore not be more likely to suffer inconvenience from the currency of base coin than the lower classes in England would?—No.

Supposing the small notes are abolished in England, and therefore the trade of the forger here is destroyed with them; and supposing the English forger knows that the banks in Scotland make very little difficulty in paying forged notes, do not you think that there is serious ground for apprehending that forgeries may increase in Scotland very materially?—It is quite possible that they may.

Have not the English forgers the same temptation now, from the facility with which the Scotch banks pay their notes, to forge Scotch notes?—There is not the same temptation, because there is not the same extent of circulation; the circulation in Scotland is local.

Could not the practice of forgery be checked by improving the plate of the note?—Yes; so far as I know, there has been no forgery of the new plates that have been made.

Has not the practice of forgery, in each part of the United Kingdom, been very much owing to the defective manner in which the notes have been struck?—I think so.

Have you heard of the effect of the improved notes of the bank of Ireland, in diminishing the extent of forgeries in Ireland?—I have not.

Do not you consider the whole mode of carrying on the banking business in Scotland as one system, the different parts of which depend very much upon each other?—Yes, I do.

How long has this system been established in Scotland?—In 1695 the Bank of Scotland commenced.

During the whole course of that time, has that system been uninterruptedly successful, both with regard to the profit afforded to the banks, with regard to the safety afforded to the public, and with regard to the accommodation afforded to the public in their different transactions?—Yes, I think it has, with very little exception.

What exceptions do you refer to?—The well known case of the Ayr Bank was an interruption to it, and the case of the Falkirk Bank and the Stirling Bank; but both the Falkirk Bank and the Stirling Bank were never of any magnitude, nor in any extensive credit.

To

To begin with the Ayr Bank; did that bank pay all its engagements, principal and interest, to the public?—Yes.

What was the amount of the sum for which the Falkirk Union Bank stopped payment?—I cannot speak positively to that; I have heard it, but I do not recollect.

Do you know whether it exceeded 50,000 *l.*?—I believe it was below that.

Do you think that the abolishing of small notes would have a material effect in altering the system upon which banking has been conducted in Scotland?—I think it would completely derange the system, and alter it entirely.

Would you, as an experienced banker, feel yourself in a new situation if you were to carry on banking subject to this alteration?—Quite so.

Do you feel yourself competent to say what would be the precise effect produced by that alteration?—No, I think there is no precedent by which we could judge of it; it would introduce us into a system differing entirely from that of England, and not at all like the system of Scotland or of any other country that I have heard of.

Have you any fears of the continuance of the present system with the same successful results as have attended it for the last century?—I have no fears at all upon that subject. As the country gets on, all commercial dangers increase, and it may perhaps be the duty of the Legislature to guard it in every way that they can; but the system is under very considerable checks itself, and I see no reason to suppose that those checks will be interrupted by any thing in the nature of things.

Have you ever known or heard of anything in the nature of a run upon the banks generally in Scotland for currency?—Never.

If any suspicion has been entertained with regard to any particular bank, has it resulted in a demand for coin from that bank, or in a demand for the notes of other banks?—No; it has resulted always in a demand for payment in their own notes, which the public never think of refusing, because every one of the banks are ready to take them in deposits, and the other bank has an opportunity within a day or two of returning them home upon the bank that issues them in that way; the danger is prevented from existing for any time, if there is a danger; and, in point of fact, there has never been any loss or inconvenience sustained by that, with the exception of the Falkirk Union and Stirling banks.

You have stated that you have known a pressure created upon the large banks, by doubts entertained as to some of the small banks; of what nature was that pressure? was it a pressure for payment of money, or for accommodations in the way of business?—The pressure is for accommodations in the way of business; those banks whose means are, as have been already defined, their in-paid stock or capital, the sum that they keep in circulation, and the amount of their deposits, if the in-paid stock or capital is small in proportion either to the number of deposits or to the extent of their issues, are liable to more sudden checks in the power they possess to do the business of the country, and on that account they frequently restrict their discounts when there is the appearance of any change in the times, a dull trade or scarcity of corn, or any thing that is to cause any additional demand for money: it is a salutary prudential measure that they adopt, by lessening their discounts and by collecting their means, and preparing for a change of times; in that way the chartered banks, and the other banks of large capital, frequently find a difference in those times, because the demands for discounts and other accommodations is increased; that has been so to a very large amount with the bank that I have the charge of at Glasgow: we have hitherto been able to meet that pressure, without the public feeling any inconvenience, and without anything like a panic or a serious suspicion being excited against any banks.

You mean to say that those banks being compelled from circumstances to do less business, the large banks have been compelled to do more business?—Yes.

Do you mean, in those cases, that you increased your issues rather than diminished them?—Yes, in point of fact, it is so; the issues of the Royal Bank have been considerably increased since December.

Do your issues exceed upon those occasions in amount what is necessary to supply the vacancy in the circulation, caused by withdrawing the notes of those small banks?—No.

Are you aware of any feeling of apprehension existing in Scotland with regard to the present system of its banking?—No, I am not aware of any feeling of that kind.

If the transactions of Scotland were to increase considerably in consequence of the increased prosperity of the country, have you any reason to doubt that the same principles of banking would produce similar salutary effects to those which

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have been already experienced?—I think the system would continue as it is without any inconvenience being felt.

If the pressure of the late distress had continued a few weeks longer than it did, would it in your opinion have been followed in Scotland with the general embarrassment of the banks of Scotland?—I do not think so.

Did any circumstances occur in any degree to justify such an expectation?—No.

You say that you were engaged in banking in some of the northern districts in Scotland?—Yes.

What particular districts were they?—At Aberdeen and at Perth.

You have said that the proportion of small notes as compared to that of five-pound notes in the Glasgow district is as three to two; do you know the proportion in the Aberdeen district with which you were connected?—I should think it would be about two thirds.

Are you acquainted with the district of Inverness, and to the north of it?—Yes; while I was agent for the bank of Scotland at Aberdeen, the branch at Aberdeen was a kind of dépôt for the northern branches, and I furnished them with a supply of notes from that quarter.

Can you state the proportion in that part of the country?—I should think it is much about the same as at Aberdeen, perhaps there are a larger proportion of small for large.

Then in order to supply that proportion of small currency, the expense to the banks in that district would be proportionably greater than the expense to those banks in the southern parts of Scotland?—Certainly.

Had you branch banks established from that one in Aberdeen?—No; they were from the parent establishment, but they were merely supplied with notes as they wished them, for the convenience of it; they were much nearer to Aberdeen than to Edinburgh, and there was a regular conveyance.

Had you ever a branch bank at Huntley?—There was one there.

Have you had an opportunity of observing the effect upon the neighbouring country of the establishment of a bank in any particular district?—Yes, at Huntley; I had a good deal to do with it, and had occasion to observe that the neighbourhood was greatly improved by it, that the ground was cultivated, and that the village itself increased in population, and that it had all the appearances of a prosperous country village.

How long did that branch continue at Huntley?—It was before I knew that part of the country, probably twenty years.

Did you withdraw that branch from Huntley?—Yes, it was withdrawn.

Had you an opportunity of seeing the effect upon the country after the withdrawal of that branch?—Yes; the farms reverted to the landlords; many of the farmers in consequence of their credits being withdrawn failed, and the farms reverted to the proprietors, and the rent of land considerably diminished.

Do you know if there is any branch there at this moment?—Yes, I understand there are two branches established since, of Aberdeen banks.

That is since you left that part of the country?—Yes.

Of course you cannot speak to the effect of that?—I cannot speak to any thing further about it.

When parties apply for cash, do you ask them in what description of money, or in what denomination of notes they would wish to receive it?—Very often that is done; when it is a large order, it is given as a matter of course in large notes, because it is known it must be to pay a bill at some other bank, or to make an investment in a large sum, and they get the largest notes that can be conveniently laid hold of.

Supposing a person applied for 50 l., in what manner would you generally pay that?—The orders that I gave to the tellers were, in such a case, if there was no question made, to give 20 l. in twenty-shilling notes and 30 l. in five-pound notes.

Is that the general practice of the banks?—That is the rule in our establishment at Glasgow.

If a person presenting his draft were to ask for it all in small notes, would he get it?—He would get it.

Do not the banks prefer to make their payments in small notes?—Yes, they think there is a greater probability of their remaining in the circle.

Mr. John Commelin, called in; and Examined.

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*Mr.
John Commelin.*

(21 April.)

YOU are agent to the British Linen Company at Dumfries?—I am.

Are you acquainted with that part of Scotland which includes the county of Dumfries, the stewartry of Kirkcudbright, and Wigtownshire?—I am generally acquainted with the town and neighbourhood of Dumfries, and with the stewartry of Kirkcudbright; I have less knowledge of Wigtownshire.

Will you inform the Committee how many branches of banks there are in that district at present, beginning with Dumfries?—At Dumfries there are four branches; viz. a branch of the Bank of Scotland, a branch of the British Linen Company, a branch of the Commercial Bank, and a branch of the National Bank; these two last have been established since the month of November, the other two have subsisted a great number of years.

What led to the establishment of the two last branches?—I cannot well say; they can best explain the motives that induced them to plant those establishments; there did not seem to be any want of accommodation.

The Committee presume that they have got a sufficient profit to defray the expense of their establishments?—Experience must determine that; I should rather think that they may find it an unprofitable speculation; it will depend upon the extent of business they are able to do; but as they are competing against two establishments that have existed for a considerable length of time, I think there is the less chance of their success.

Is not there a company in Dumfries that issues notes, independently of those four branches?—No, there is no original bank in Dumfries.

Is not there a company which discounts bills, issuing the notes of the other banks?—There are some private individuals that do business upon a small scale.

Will you inform the Committee what private bankers there are in addition to the branches?—The persons to whom I allude are individuals that discount bills, but keep no public establishment as bankers generally.

There are individuals that discount bills, who do not issue their own notes?—Yes.

How does their profit arise?—I do not know how the profit arises; I think it is probable that they charge a commission; they perhaps indemnify themselves in that way.

Can they derive any more profit from discounting bills, not issuing notes, than you would derive if you discounted bills in gold?—If they can borrow at four per cent, and discount at five per cent, they would of course make a profit of one per cent.

What commission do they charge?—I presume they charge a half per cent, but I am not certain.

Are there any banks in the town of Annan?—There are two branches in the town of Annan; there is a branch of the Commercial Bank, that has been established there for a number of years; and there is a branch of the British Linen Company, that has been established there more recently.

Is there a branch at Lockerby?—Not that I am aware of.

At Langholm?—I am not sure whether there is not a branch of the Leith Bank at Langholm.

At Kirkcudbright?—There is a branch of the Bank of Scotland that has been established at Kirkcudbright since the year 1790.

At Castle Douglas?—There is a branch of the British Linen Company at Castle Douglas, that has existed there about four years.

Can you state how many branches there are in Wigtownshire?—There is one at Wigtown.

At Newtown Stewart?—There has long been one there.

What branches are there at Stranraer?—There is one of the Paisley Bank and one of the British Linen Company. I believe those are all the branches in Wigtownshire.

Do you think that it is necessary there should be four branch banks in Wigtownshire?—I do not know what accommodation Wigtownshire requires, but I think four branches are not necessary in Dumfries.

Would not the British Linen Company undertake to do all the business at Dumfries?—I should think there would be more business than any one bank could easily overtake.

That is with the present establishment; but if there was a sufficient increase of establishment it would be quite possible to transact all the business required in the town

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*Mr.
John Comuelin.*

(21 April.)

town of Dumfries?—It is possible to dispatch any quantity of business by enlarging the establishment.

Do not you conceive that you could enlarge your establishment there at a less expense than it would take to create a new establishment?—No doubt.

What is the general nature of the traffic in the south-western part of Scotland?—There is a great deal done in cattle, and a great deal done in corn. We are an exporting corn country; considerable quantities of corn are sent to the Lancashire market; large quantities of cattle are sent to the south of England, to Norfolk and Suffolk, and other counties there.

Does the Englishman come into that part of the country to make his purchases?—No; we would be very glad that he did, but he does not.

In very few instances?—In no instance. The cattle are purchased by people called drovers or general cattle merchants in the country; they are driven to the southern counties, to Norfolk particularly, and they are sold there as occasion may require.

But it rarely happens that a person comes from England and makes a purchase?—Almost never; it is exceedingly rare.

Is there any great foreign trade in that part of the country?—Very little, or none; there is probably a cargo from Petersburg, once in a year, of flax and hemp and tallow; but there is no general foreign trade. There is a trade in timber from British America, and a very little from the Baltic occasionally.

Then the establishment of the banks there have not tended to increase the amount of foreign trade at all, have they?—They have probably given some encouragement to it, inasmuch as there is a vessel comes annually from Petersburg now which did not before.

When the shipment takes place to Liverpool in what way is payment made?—The corn is sent over generally to some commission agent in Liverpool, and he sells the corn there and remits by a bill on London, or the corn dealers in Lancashire purchase through agents in Dumfries or the neighbourhood.

Have there not been very extensive failures in that part of Scotland among the cattle-dealers?—There have been ever since I recollect, which is nearly forty years.

Constantly recurring?—Constantly recurring; not every year, but at particular periods.

Do those cattle-dealers deal on their own capital?—In so far as they have capital they do.

Are there many who have not, and who raise money upon bills?—They do not raise money so much upon bills as they purchase upon credit; they give their own bills to the farmers, and they, if in good credit, turn them into money by discount.

Did you ever hear of such a thing as a wind bill in that part of the country?—There have been wind bills all over the country; but I do not think they are more frequent there than elsewhere.

What is a wind bill?—A bill for which no value is given.

Is there a counter bill sometimes drawn by the man who accepts the original bill?—I am not aware that there is.

What length of time have those bills to run?—Three months.

Are they renewed?—There are occasional renewals; but I have uniformly discouraged such operations.

When there are fourteen or fifteen banks in that district are not there facilities of obtaining renewals?—Probably there may; but I discourage any sort of connexion with persons requiring such accommodation, and keep to our own steady customers.

How do you distinguish what is called a wind bill?—It is impossible to distinguish upon the face of the bill whether it is a wind bill or not, but you may know from the general character of the parties, and the nature of their trade, whether it is likely to be a wind bill: if it is an accommodation bill I would feel disposed to discourage the discounting of it.

Did you ever hear any calculation of the total amount to which, within the last ten or twelve years, failures have taken place?—I have not particularly, but it must have been very large.

Particularly from the year 1814 to 1820?—There was one bank made one single bad debt of 55,000*l*.

With a drover?—Yes; with one company of drovers.

Can you mention any other considerable sum less in amount than that?—There was another drover, or rather company of drovers, that failed for a considerable amount at Kirkcudbright; I suppose for 30,000*l*. or 40,000*l*. pounds.

What

What was the name of the bank that lost so large a sum?—The Galloway Bank, at Castle Douglas. Appx. No. 17.

Did the loss fall upon the bank?—The loss fell upon the bank; bills to that extent had been discounted to the individual company of drovers without any further security. Mr. John Commelin.

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They were not backed by any names?—No.

Is that a frequent practice?—It is very unfrequent, and was most imprudent as the event proved.

How many names do you require upon a bill?—The more good names there are upon it the better; but two are indispensable.

Two respectable names would induce you to discount a bill?—Yes.

Is there any regulation as to the length of time a bill has to run?—Our general regulation is three months. I have never exceeded that except in some rare instances, probably one bill in fifty; at present we restrict ourselves to three months.

Is that the general restriction of other banks?—Yes; three months is considered to be a bank life.

Is it a very rare occurrence to discount a bill which has a longer time to run?—I never did it except in rare instances; and now we do not do it at all.

Did not you do it six months ago?—Occasionally to four months and not more; but I felt always averse to extend the term beyond three months.

In what month were the two new branches established at Dumfries?—In the latter end of November or the beginning of December last. The National Bank arose in some degree out of the spirit of speculation that had gone abroad; a number of individuals combined together for the purpose of establishing a bank; and having established this bank they set about establishing branches in the various districts of Scotland, concluding, as I apprehend, that banking was a profitable trade; they did it at Dumfries, perhaps as matter of experiment, and it will depend upon the result of that experiment whether they shall continue the establishment there or not.

Did you ever hear that there were as many as twelve hundred partners in the National Bank?—I believe there are a great number of subscribers.

Do you know how much has been paid up on each share?—I understand it is ten per cent; their nominal capital, I believe, is five millions, and ten per cent is five hundred thousand pounds.

Do you know how much has been subscribed?—I do not know how much has been subscribed.

Has five hundred thousand pounds been paid up?—I do not know.

At what other places have the British Linen Company branches?—All over Scotland; I believe they have twenty-seven all together.

What was the sum paid up upon the original shares of the British Linen Company?—I have no access to know the way in which the stock of the company is paid up; I am a mere agent, doing their out-door business at a particular establishment, and have no access to know the particular arrangements of the bank.

When the cattle-dealers you have mentioned failed to the amount of 55,000 *l.* what was the effect produced upon the small farmers?—They failed to a greater amount than this; the 55,000 *l.* was a debt due to a particular bank. In as far as farmers were injured by the loss of any debt owing to them, they were sufferers; but the great bulk of the debt was in the hands of the bank.

What was the amount of the dividend paid?—I believe it was a shilling in the pound.

Do you know any persons of the name of Gordon, who were great cattle-dealers in Kirkcudbright?—Yes.

Do you recollect their failure?—Yes.

Do you recollect the amount of that failure?—I do not know the exact amount.

Was it not a very large failure?—Yes.

Do you know what dividend was paid?—I do not know.

Have you any reason to believe that either M'Clellan and Campbell, or the Gordons, could have traded to the extent they did except by means of wind bills?—They could not have got credit for capital to that extent, unless they had had some assistance.

Do you apprehend that they were persons possessed of capital?—I think their capital must have been very slender, and that their trade bore no proportion to their capital.

Have you any reason to believe that such assistance was ever given to those

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persons of the name of Gordon when they were in embarrassed circumstances?—They kept their account with the bank of Scotland at Kirkcudbright. I have no access to know the way in which their business was conducted; they did not come in my direction, and none of their paper, so far as I know, was tendered in my district.

Then you do not know either from your own knowledge, or from the general belief of the country, whether the bank of Scotland made advances to the Gordons, knowing them to be in embarrassed circumstances?—I think it is very likely that the agent for the bank of Scotland knew of their embarrassments; he must have been very blind indeed if he did not see that they were getting behind.

That advance made by the bank to persons under those circumstances, would enable them by buying and selling cattle rapidly to diminish the amount of the debt to their own bank?—No doubt.

Can you estimate at all what was the extent of the failures of cattle-dealers, between the years 1814 and 1820, in that district of country with which you are acquainted?—I do not know the amount of it; I think the failure of M'Clellan and Campbell was about seventy or eighty thousand pounds, but I had no connection with it; I had none of their bills.

Do you recollect a drover of the name of Macready?—Yes.

Did he fail?—Yes.

For what sum?—I do not know.

Do you remember one of the name of Fraser?—Yes.

You recollect the Gordons?—Yes.

Do you recollect Maclean?—Yes.

Do you recollect Corson, of Dalwhal?—I scarcely know whether he has failed or not: he is in difficulties, and has executed a trust deed.

Campbell, of Spring Field?—Yes.

Has he failed?—Yes.

How many years ago?—I think in 1803.

What do you believe to have been the amount of Gordons failure?—I think it was about thirty or forty thousand pounds, but I am speaking without accurate information.

When you are speaking of the amount of their failures, do you speak of the amount of the debt they owed to their banker, or of the whole amount of their debts?—The whole amount of their debts.

You stated, that the debt due by M'Clellan and Campbell to the bank was fifty-five thousand pounds?—Yes, that constituted the largest amount of their debt.

In what year did these failures take place?—I think it was in 1820.

When did the Johnsons fail?—I think it was before that, but I am not certain.

What is the largest amount of dividend you have known any of those cattle-dealers to pay?—They have sometimes paid 7s. 6d. in the pound, and sometimes 10s., but it has been a bad trade ever since I recollect.

Have not great losses been sustained by them?—They have.

Has there been a great fluctuation in the price of cattle during that period?—There has been considerable fluctuation in the price of cattle, as there has been in every thing else, but I presume there has been no greater fluctuation there than there has been elsewhere.

Was the distress throughout this district, in consequence of those failures, very great?—I do not think it was very great; the largest part of that debt of M'Clellan and Campbell was in the hands of the bank, the bank was, of course, distressed by it, but the other loss was divided in a kind of way, that, though it must have been felt, the individuals were not very numerous; the sufferers were not generally small farmers, but farmers upon a large scale.

In the case of cattle bought last year and sold now, would not there be an immense loss upon the sale?—It is so considered.

After keeping cattle three or four months?—Yes, after buying in the month of October last, and selling them now.

There would be a great loss upon the sale?—Yes.

Independently of the charge of keeping them?—Yes.

To what amount, to the amount of twenty or thirty per cent?—I do not know; I suppose cattle bought for ten pounds in the month of October last might sell now for nine, probably; but that is a mere guess.

To what do you attribute that circumstance?—To the general derangement that has

has taken place in the money system of the country, and to a diminished demand for cattle in the south, the manufacturers are less able to buy butcher's meat than they were.

Can a drover get the same credit now that he could last October?—I do not know what they might get elsewhere; they never had much credit with me. I discouraged all kind of connexion with them, because my own recollection and experience showed me that they were engaged in a peculiarly hazardous and precarious trade. The cattle bought in Galloway and sent south, were sent up at a great expense, and it depended very much upon the changes that took place in the meantime—upon the state of the weather, the state of the pastures, the state of the turnip crop, and upon a great variety of other circumstances, whether the transaction would be profitable. The larger lots of cattle are generally sent off in the month of September, and those lots of cattle were, I recollect, on their way, when we first received intelligence of the preliminaries of peace being signed in October 1801:

Does not the success of the transaction depend upon the sale completed in England?—Ultimately the sale is in England.

Is it not absolutely necessary that a sale should take place?—The cattle must be sold.

Is not a person that sends the cattle to London, having made a purchase by means of credit, under an obligation to sell without delay?—It is expedient that he should sell as soon as he can.

In what way do the issues of the British Linen Company take place at Dumfries?—We issue money upon cash accounts; we open accounts current, we discount bills, we borrow money upon the bank credit on deposit receipts, and we draw bills upon London and on the bank, and its other establishments.

You say you borrow money upon deposits?—Yes.

And your issues take place when those deposits are recalled?—Of course we pay them.

What proportion does the issue of notes under 5 *l.* bear to the issue of notes above 5 *l.*?—As near as any calculation I have been able to make would lead me to make such an estimate, I would say it is from a half to three-fifths.

The notes under 5 *l.* are rather less than three-fifths of the whole?—Yes.

What effect would it have on your business at Dumfries supposing you were prevented from issuing any notes under 5 *l.*?—The effect of that would be an advance of capital on the part of the bank, to redeem those notes of a smaller denomination that were in circulation.

What do you call an advance of capital, do you mean that the partners of the company would be called upon to pay up a fresh instalment?—No, the bank would be called upon to redeem the small notes that were in circulation; if they were suppressed they must be paid by the bank; the bank could pay them only by an advance of specie.

Do you apprehend there would be any difficulty in conducting your business at Dumfries?—I do not think there would be any difficulty in conducting the business if we have the means of conducting it; but if the small notes were abolished the bank might find that it was not a profitable concern, and that might lead ultimately to the suppression of the establishment.

Do you think that it would lead to the suppression of the four branches at Dumfries?—I think it must lead to the suppression of some of them.

Supposing that it should ultimately turn out that there was not a sufficient profit to maintain four branches, and that two of them were suppressed, and that the business was left in the hands of the two remaining concerns, do you think that the town and neighbourhood of Dumfries would suffer?—I do not think that the town would suffer in any degree; I think that two banks are quite competent to conduct the business of that particular district.

In point of fact, two banks did conduct that business till within the last three months?—For a long series of years they did; I do not think there has been any increase of trade in proportion to that increase of the number of the banks.

You do not think that that part of the country has benefited by the additional branches which have been established there?—I think we were quite competent to the business before.

Has the business of the other banks decreased in consequence of the establishment of those two rivals?—We have hardly had time to observe the effect; it is only recently that the thing has taken place.

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*Mr.
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Supposing that the consequence of a law that prevented the issue of notes below 5*l.* should be the discontinuance of two out of the four branches at Dumfries, leaving two to conduct the business of the country, do you think that would be a disadvantage to the two that remained, which would be left with the whole business of the country to conduct?—Certainly it would be no disadvantage to the two that remained, if the other two were struck off.

The two that remained being prevented from issuing notes below 5*l.* but having the whole business of the country, such as it was, conducted by the issue of notes above 5*l.* and by sovereigns for payments below 5*l.*?—I think the establishment would be so extremely unprofitable, that it might be matter of consideration for the bank whether they would continue the branch, if they had to provide a metallic circulation for all sums below 5*l.*; it would be a very serious advance on the part of the bank.

What interest do you allow upon deposits?—Four per cent.

Supposing you allowed only three per cent upon deposits, and in that way made up for the loss you would be subjected to in consequence of your being prevented from issuing notes below 5*l.*?—The rate of interest that is allowed by that bank must depend upon the rate that is allowed by other banks; but a low rate of interest would be injurious to the country.

Why would a low rate of interest be injurious to the country?—The present rate of interest given by the bank tends to foster habits of industry, and to stimulate the desire of accumulation; a low rate of interest, on the other hand, has a tendency to induce people possessed of money to endeavour to turn it to a better account; to lend it to people that probably do not pay them, or to engage in some hazardous speculation, so that a high and steady rate of interest I conceive to be exceedingly advantageous.

If there was a low rate of interest generally prevailing throughout the country, there could be no difficulty in getting cash credits at five per cent?—Certainly not.

Then one of the effects of your reducing the interest upon deposits might be to facilitate the granting of cash credits?—I do not think that the granting of cash credits could ever be facilitated as long as you were obliged to advance more than one half of the amount required in capital.

You mean in cash?—In capital or cash; they are the same thing; I think it must lead to the destruction and diminution of the cash account system in a very material degree.

Do you think the cash account system has been carried to too great an extent in that part of the country?—No.

Do not you think that undue facilities of credit have been given to the drovers?—Generally, I believe they have no cash account; or if they have, it bears a very small proportion indeed to the extent of their trade.

Do not you think that undue facilities have been given to them by the discount of bills?—There have been some very imprudent transactions.

Do you think there would have been the same imprudent transactions if the banks had been prevented from issuing notes below 5*l.*?—The transaction to which I have alluded is an exception from all prudent principles.

You say there has been a constant recurrence of those imprudent transactions?—There has been a constant failure of cattle merchants, but I do not say that is owing to any undue facilities they have received; it has been a hazardous trade, and I think it is a bad trade, for I see few connected with it getting rich, and a great many becoming bankrupts; that has been the case for the last twenty-five years.

And that trade has been conducted by discounting bills?—It has been facilitated by that: drovers of good credit have gone into the country and have purchased cattle, and they have given their bills for them at three months; and if the persons to whom those bills were given were themselves in good credit, they came to the banks and got the bills discounted.

In the other cases of failure you have mentioned, had the banks discounted the bills without having them backed by other names?—No, the case to which I have alluded is an exception.

In those cases in which the bills were backed by other names, were the sums recovered from those parties?—Generally, I presume they were.

Upon whom did the loss fall, upon the farmers?—Of course.

Did not that produce great individual distress?—Yes.

And

And great derangement of trade?—No doubt, to the extent to which loss was suffered.

Do you not think it would have been an advantage to the country if the trade in cattle had been conducted upon a more solid foundation?—The price must have been lower in that case: rents must have been lower: there must have been a reduction in prices, and then there must have been great distress in the meantime in the transit from the high to the low prices.

Would not a permanent moderate price be of much greater advantage to the country than a fluctuating high price?—The landed interest must attend to that; it must operate a reduction of rents.

You have stated that within the last twenty-five years you have not known any persons who were dealers in cattle become rich?—Very few indeed.

Do you know any persons who formerly acquired large fortunes in the same district by dealing in cattle?—My experience or knowledge does not extend beyond the period I have spoken of.

Do you not know that there are persons whose families are now possessed of large fortunes which were acquired by persons who were cattle dealers, such as Mr. Birtwhistle or Mr. M'Adam?—I do not know as to Mr. Birtwhistle; I should think it must have been at a very early period if he made a profit upon cattle.

Do you know whether that was the case with respect to Mr. M'Adam?—It is long before the period of my experience; I can only speak of it by tradition.

What are the principal markets to which the cattle are driven from Dumfries and Kirkcudbright for sale?—They are generally driven to the markets in Norfolk: St. Faith is one of the great markets, about five miles from Norwich.

At what period are they sent to those markets in Norfolk and Suffolk?—They used to be sent in the month of April or May, and afterwards in the month of September, but of late years they have been driven all the year through.

What number of cattle may one of those great companies of drovers take in the course of a year?—I should think many hundreds of scores.

What may be the average value per head of those cattle?—It depends upon the state of the market, probably from 10*l.* to 15*l.* or perhaps 16*l.* or 18*l.*

So that the value of the cattle they take in a year may be about 200,000*l.*?—I do not know the exact number they take; but it is many hundreds of scores.

That number, at 10*l.* per head, would amount to some hundred thousand pounds?—It must amount to a very large sum.

Could the trade in cattle in that district be carried on without the intervention of those drovers?—I do not see how it could be carried on otherwise, the Englishmen will not come down, and therefore you must have some body to send up; the farmer must either send some individual with them, or somebody must come down to take them up.

Must not the drovers when they have brought their cattle up to Norfolk sell them to the persons that occupy land, or that have the means of feeding the cattle there?—They occasionally, I believe, take grass for their own accommodation.

Are they not in general obliged to sell them to the Norfolk farmers, who have the means of feeding them?—Yes.

Are they not, therefore, at the mercy of the Norfolk farmer, as to the price which he may offer?—In a very considerable degree.

It being impossible for them, without incurring a total loss, to drive back the cattle to Scotland again?—Undoubtedly.

Supposing there should be a failure of the turnip crop, or any other circumstance which should render it inexpedient for the Norfolk farmer to purchase those cattle, would not that very materially reduce the price?—Unquestionably.

And produce great loss to the drover?—Certainly.

It is, therefore, your opinion that there is something peculiar to this trade which makes it very hazardous?—It is peculiarly hazardous, and experience has verified that observation.

Therefore the great losses that have occurred in that trade arose from the nature of that trade, and not from any thing peculiar in the system of banking that exists about Dumfries?—In a great degree; I do not think there is any thing peculiar in the system of banking about Dumfries, as compared with the system in Scotland generally.

Do you think that there is any thing peculiar in the Scotch system of banking that has aggravated the evils naturally inherent to this trade in cattle?—I think in the instance I have alluded to undue facilities were given.

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Was that peculiar to one bank?—Yes.

Therefore it does not apply to the system of banking generally?—No, it is the exception and not the rule.

Was an extent of accommodation given in that instance which you as agent for the British Linen Company would not have given?—Certainly not a fiftieth part of it.

How are the drovers paid in Norfolk?—They sell the cattle to cattle-dealers and farmers there; the farmers give them drafts upon their bankers in Norwich, with the produce of which they buy a bill on London.

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Mr. John Commelin, again called in; and Examined.

Mr.
John Commelin.

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THE Committee understand that you wish to give an explanation of an answer you gave in the course of your examination on a former day?—I was asked whether an advance of money by a bank to a drover, who was in difficulties, would not enable him, by buying and selling cattle rapidly, to diminish the amount of the debt he owed to the bank, to which I replied that it would; but it is plain that I must have misapprehended the import of the question, because a fresh advance of money could not enable the banker to diminish the former debt in the smallest degree, supposing him to get the whole proceeds of the cattle, except in so far as he gets those proceeds, and any profit upon the sale; but if the drover, having got the money, was enabled to go into the market, and to purchase twice the quantity of cattle that that money would enable him to purchase, if he paid in cash; that is to say, one-half for ready money, and the other half for credit, and gave the banker the whole proceeds of the cattle he had purchased, then to be sure the debt of the bank would be diminished to the extent of one-half of the proceeds of the cattle he had so bought and sold; but if the bank, knowing his circumstances, advanced money for that object, it is quite clear that it would be a very immoral transaction.

Are forgeries often committed on the notes of the British Linen Company?—Occasionally, but to no great extent.

What is the practice of the British Linen Company with respect to such notes, when they are presented for payment?—We do not generally pay them at the agencies; but if a person of respectability has innocently come into possession of a note of that kind, upon a reference to the bank they generally direct it to be paid.

What steps do you take with respect to prosecuting the parties concerned in manufacturing or circulating those forged notes?—Those steps are taken by the bank at Edinburgh, and not by me, as agent.

Are there many forged notes in circulation?—Very few comparatively, they are by no means numerous; probably we see one in the course of a month.

What is the chief security against forgeries?—We have no security but by comparing the forged note with a genuine note; the tellers, who are much in the habit of turning over notes, have a peculiar tact in discovering the forgery.

How are those persons, who take those notes in the ordinary course of business, enabled to detect a forgery?—They cannot detect it any more than they can detect a forgery upon the bank of England. If a person of no discernment, and who is not accustomed to examine writing, has any thing presented him in the form of a note, he may take it, believing it to be genuine when it is not; he has no means whatever of ascertaining that, except by carrying it to some person of experience.

The notes are all signed in Edinburgh; are not they?—They are.

Are they signed always by the same person?—By different persons.

So that the hand-writing affords no security?—Very generally they are signed by the same persons, but not always.

Are there any forgeries upon five-pound notes?—Very seldom.

Do you recollect an instance of a forgery of a five-pound note?—I do not at this moment; I do not recollect having seen any of so high a denomination.

Supposing notes below 5*l.* ceased to circulate in England by law, and consequently, that the means of forging notes in England were very materially diminished, do not you think there is some reason to apprehend that forgery in Scotland would increase, provided notes below 5*l.* might be circulated in Scotland?—Forgeries in Scotland have had such limited success, that I should think they could not be carried to much greater extent than they have been.

If

If the banks pay forged notes, how can it be limited?—They would never pay them to any very great amount.

The Committee have heard that the notes in Scotland are generally put into two classes, the notes of 5 *l.* and upwards, and the notes of 1 *l.* and one guinea; are those two different classes of notes generally employed for totally different purposes?—They are employed generally for the same purpose; but there is a greater demand for small notes, and a larger issue of them.

The Committee have been told, that the large notes are generally used for the purpose of paying over considerable sums of money, and that they return very quickly upon the bank in the course of its exchanges?—That seems to me to be quite obvious, from the nature of things.

Then the small notes of one pound and one guinea are those which may be considered as constituting the currency of Scotland for the ordinary purposes of life?—They are the larger proportion of the currency; the small notes constitute the greater part.

Are there many ten-pound notes that stay any considerable time out of the possession of the bank that issues them?—I have no means of ascertaining that exactly; but it seems to me to consist with the reason of the thing, that a large sum will not remain long unoccupied in the pocket or possession of an individual; that being a subject that will pay debt or bear interest, he applies it immediately. The smaller notes of course undergo a different process; they are employed in liquidating a much greater number of transactions, they cover a larger field, and penetrate into more minute channels.

Can you say, whether in your local district the large notes return at a very short period into your hands?—They do, I can state that most positively; and that they continue upon the circle a much less period of time than the small notes.

Within what time do you think they generally return?—It is impossible to ascertain that with any precision, it depends upon a variety of circumstances; there is a great interchange and communication of notes, the ten-pound notes that we issue may go to different parts of the country, so that we have no exact means of ascertaining it; but it seems to me to be evident, upon the face of the thing, that the circulation of the larger notes must be of much shorter duration than that of the smaller notes.

Then the abolition of the small notes would change the far greater part, or nearly the whole currency of the country?—The abolition of small notes would of course introduce a metallic currency to the extent, or nearly to the extent to which they were abolished.

Do the drovers who apply for money at your offices in the country furnish themselves generally with small notes, or with large notes?—The drovers generally do not get the notes in that way; they pass their bill to the farmer, the person from whom they make the purchase, and that person generally comes to the bank and discounts the bill, and gets such notes as he requires.

Then in your part of the country the trade of the drover is carried on upon an extensive scale, and he purchases from the grazier?—From the farmer or grazier, and occasionally from jobbers, who buy cattle and bring them to market, and sell them again.

Is it your opinion, that the circulation of the small notes is a principal motive for granting what are called cash credits in Scotland?—I think the system of cash credits could not be supported unless by an issue of small notes; that is to say, if a metallic currency was substituted in lieu of small notes, I do not think it would be possible to continue it.

Why not?—Because a large proportion of the money issues upon those cash accounts must be made in metallic currency. Upon an issue in metallic currency, a banker could not possibly have greater benefit than the maximum rate of interest. Now if the banker employs his capital in lending money at the maximum rate of interest, there is no use in his keeping up an establishment for that operation, because he can lend money at the ordinary rate of interest, without entailing upon himself the expense of an establishment at all; and therefore the effect of the abolition of small notes would be to cut off the banker's right arm as it were, and to transfer the whole expense of the establishment to the smaller and less profitable branch of the circulation.

You mean to the circulation of large notes?—Yes.

Therefore you think that the British Linen Company, and the other chartered and large banks at Edinburgh, would cease to maintain country agencies, and to grant

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grant cash credits?—Country agencies upon a small scale must infallibly be put down if the measure is carried into effect; and with respect even to those upon a large scale, upon the face of it it appears to me, that if advances are to be made by bankers in the shape of metallic currency, to the extent of one-half or three-fifths of the circulation, it must be a very disadvantageous trade. The thing appears to me to be self evident and demonstrable.

Do you know the proportion that the large and small notes bear to each other in your district of the country?—I have stated that I think it is from one-half to three-fifths.

The credit that you give to the drovers is given upon the discount of their bills, is it not?—For my own part I give little credit to drovers; but if the acceptance of a drover is presented to me by one of our customers, a person of respectable character that I know to be in good circumstances, I discount it; if he is a person that has less dealing with the bank, and in whose solidity I am less confident, I decline discounting it.

Then the way in which the business of the drovers is facilitated, as far as depends upon your banking system, is by their knowledge that their bills, if they are in good credit, will be discounted by you?—Or the other banks in the district.

Does the power of circulating small notes bear a relation to the granting of cash credits chiefly, or to the business of discounting bills?—Every bank, constituted as the banks in Scotland are, makes advances in two ways; they make them upon cash credits, and they make them upon the discount of bills. They also borrow in two ways; they borrow upon deposit receipts, and they borrow also upon accounts current; that is, if a gentleman opens an account, and puts 100 £. to his credit, and operates upon it, drawing out a part of it, leaving a balance in the hands of the bank, then there is a borrowing to the extent of the balance that is so left. Those accounts we do not allow to be overdrawn, so that the advance is in two ways, and the borrowing in two ways, that is in two different forms.

If the circulation of small notes were taken away, you say that that would stop the granting of cash credits in your opinion?—It would injure it very materially. I think it would render it so unprofitable that the banks would not continue them upon the present scale.

Would it affect that part of your business more than it would affect those advances which are made upon the discount of bills?—I think it would affect both very materially; the consequence of that would be to circumscribe and narrow the circulating medium.

Which do you think it would affect most, the advances upon cash credits, which you say it would entirely annihilate, or the bill branch, which would in part be suppressed?—I am not aware that I have said it would entirely annihilate the cash accounts; it might remain as a question of discretion with the bank whether they would continue some of them, but it must lead to a great reduction in the amount of them; and of the giving up the accounts that exist, the consequence might be the embarrassment of the individual who had got the account, and who relied upon its being continued to him.

Would it affect the discount of bills in an equal proportion as, in your opinion, it is likely that it would affect the granting of advances upon cash credits?—I think it would not affect the discounting of bills in the same degree, for this reason, that an advance upon a cash account is to a certain extent a permanent advance; that is, no body applies to have a cash account, incurring the expense of giving a bond, unless it is with the idea that he is to have an advance from the bank upon such account; therefore there is generally a balance due by the accountant to the bank, and this balance is in the nature of a permanent advance, because though it is constantly varying, yet generally speaking the balance is always in favour of the bank and against the individual, and therefore in that point of view it is quite evident that an advance in this way would be more inconvenient, and more expensive to the bank. There are many exceptions, however, to what I have stated; it may so happen that a person gets a cash account, and getting rich upon the accommodation thus afforded him, has a balance in his favour.

Do you pay interest upon those balances?—Yes, the same interest upon such a balance as upon any other deposit.

But generally the balance is against the individual?—In the great majority of cases.

Therefore you are of opinion that the effect of the proposed measure would be to

to limit that branch of the business of the banks in a great proportion?—Inasmuch as the advance made is a permanent advance.

There was a question put to you with regard to the kind of credit sometimes given by bankers to drovers, and other persons who were dealing rather in speculations than in the fair and ordinary course of trade; those speculations are encouraged by the credit given by bankers; is it likely that they should be encouraged by means of cash credits, or by means of the discount of bills?—It would be in the shape of discounts that the encouragement would be given, not in the shape of cash account. No banker, as I apprehend, would give to a drover a cash account upon a very large scale.

Then, in as far as the abolition of the small-note circulation would tend in a much greater proportion to stop the advances by means of cash credits than to stopping the advances by means of discount upon bills, it would seem that a measure of that sort would rather go to stop the daily advances of the bank to persons carrying on a legitimate trade, than to stop their occasional advances to the speculator and over-trader?—Yes, I think so; but I must add, in explanation, that I think it would stop them both, not entirely, but it would impede them; the banks would be less disposed to advance if the advances were made in metallic currency; I think they would be probably more circumspect in their issues every way.

In limiting the power of the banker to make advances to his customers, do you not limit his power to make advances to the prudent trader as well as to the speculator?—Unquestionably.

Are you acquainted with any contrivance in the way of legislation by which the one effect can be produced without producing the other, by which the power of the banker to encourage over-trading by advances to a speculative person can be limited without limiting his power of encouraging the prudent trader by fair and reasonable advances?—Not as a general measure; the banker must be left to the exercise of his own discretion and prudence.

What is the security given for the repayment of the sums advanced on cash credit?—It is a bond executed by the principal and one, two or three sureties, generally by two sureties.

Who are responsible, severally, for the whole amount?—Yes.

What peculiar advantages has the system of cash credit over loans of small sums of money repayable with interest at a definite period, the repayment of the principal being secured in the same manner in which the repayment of the sums advanced upon the cash credit are now secured?—If the account was to be operated upon, and the money secured exactly in the same way, it would make no difference whatever, but how is that to be effected?

Supposing a small trader could borrow 100*l.* upon bond, he consenting to repay some portion of it as soon as he was able?—The advantages of the cash account in that respect are very obvious; because if a small trader borrows from an individual (not a banker) 100*l.* that individual would not be disposed to receive back his money in 5*l.* or 10*l.* or 15*l.* he would wait till the term expired when he would receive the whole. With respect to cash accounts, when a credit is granted, the individual perhaps draws out 50*l.* to-day, and pays in 40*l.* to-morrow, and goes on in that kind of way, always having credit with the bank to the extent originally stipulated.

Suppose, that instead of paying that 40*l.* to the bank the trader employed it in the increase of his business, do not you apprehend an advantage to the country would be derived from such an accumulation of productive capital?—The Committee must be quite aware that if a small sum comes into his hands, he is not to be expected to apply it forthwith; but by paying it in to the credit of his account, he has the power of drawing it out the next day, and applying it: his power of applying it is not impeded in the smallest degree, because he may pay it in one day and draw it out the next, receiving a day's interest.

Why should the circumstance of a loan being made in gold, or in five or ten-pound notes, prevent a condition being attached to the loan, that if the party borrowing chose to repay it in small sums, the party lending should be obliged to take them, and to make a reduction of interest on their account?—I should not think that any bargain of that kind could well be made; if the money is advanced it must be repaid in a certain definite way. An advance in metallic currency would evidently be to the disadvantage of the bank. If the bank is to supply itself with metallic currency to enable it to replace the small notes in circulation, it is quite evident that upon that the bank never can have, under any circumstances, a larger profit than the

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maximum rate of interest: now the maximum rate of interest is a profit that any capitalist may derive from his capital without incumbering himself with the expense of an establishment at all.

Supposing there were no maximum rate of interest, but that the bank advancing of money were allowed to charge five and a half or six per cent, or whatever sum might be sufficient to cover the expenses of the establishment, do not you think that Scotland might still continue to derive all the advantages she derives from cash credits, the persons requiring cash credits undertaking to pay a small additional rate of interest?—It must induce a great expense upon the individual obtaining it; and I am much afraid that in a narrow country, with small means of trade, they might not be able to defray that additional expense.

Do not you think the whole inconvenience would resolve itself into this, that the party borrowing money on cash credit might have to pay a small additional rate of interest?—I think it would be possible for the banks to indemnify themselves by charging that, provided they could get people to pay it.

Do not you think that the banks might continue the system of cash credits precisely to the extent to which they now exist, first of all by a small increase in the amount of interest paid upon the cash credits, by a small reduction of the amount of interest allowed on deposits, and thirdly by a small reduction of the profits which are now derived from the banking business in Scotland?—It might certainly be possible to carry on the cash credits by such a profit in other ways as would indemnify the banks; but in the present state of the law, I do not see how it would be practicable to obtain it; a bank could not charge more than five per cent, the maximum rate of interest.

Supposing there were no limitation by law upon the rate of interest allowed to be charged?—What the ultimate effect of the abolition of the usury laws might be is another question.

The question only refers now to banking and cash credits, leaving out of consideration the general effect it might have upon the country; provided the bankers were allowed to charge five and a half or six per cent, if that were necessary, might they not in that way make up the loss they would sustain by being prohibited from issuing small notes?—I have no doubt the banks might indemnify themselves by charging a commission provided their customers would agree to pay it; but I am afraid the trade would not afford it, and the consequence of that would be they would not get it.

Do you think that the profits of banking in Scotland would admit of any reduction?—I think the competition in banking at present is so exceedingly great that the profits are reduced almost to nothing at all. I will give the Committee an example: if 1,000 £. were paid to me at Dumfries to-day, I would engage to repay that 1,000 £. in Edinburgh on Wednesday, without any profit at all. I would give what is called a letter of credit upon the establishment at Edinburgh, by which the 1,000 £. would be payable in Edinburgh; now what profit could arise upon such a transaction as that?

What do the shares of the British Linen Company sell for?—I never was a stockholder, and I do not exactly know. I believe there have been no sales lately; but I know that a measure of the kind proposed must operate a reduction in the value of bank stock.

When you last heard, what was the price of the shares?—I think it was under 300 £., but I cannot give the Committee any information they can rely upon in that respect; I never was a stockholder; I never was in the bank itself since I was appointed its agent: I know it merely as one of the public, for not having stock myself, I felt no special interest in the price of it.

Is not the price of the shares of the British Linen Company generally published?—The price of the stock is generally published; but in any publication I have seen of late I have seen "no sales."

What is the amount of the dividend?—I believe the dividend at present is nine per cent; but I am not certain as to that.

Has there been any bonus, either by direct payment to the shareholders, or by an addition to the amount of stock?—I believe there were bonuses, but I am not at all acquainted with the circumstances; and I cannot give the Committee the information that I would wish to give them, and that they expect from me: I know practically the mode in which their business is conducted at my own establishment, but I have little or no knowledge of the value of their stock, further than as a

member

member of the community, observing it in the public prints: the bank have no communication with me with regard to the amount of their profits.

Is not it possible that one banking establishment in Dumfries could continue the cash credits, the advances being made either in notes of 5*l.* or above 5*l.*, or in sovereigns?—I think as the cash accounts are conducted at present, it is quite evident that it must be a very unprofitable concern, or at least that the profits must be so limited that they would not defray the expense of the establishment. If there were only one bank enjoying a vast extent of business, it might no doubt have great advantages; but how is that to be effected?

Are not there four public banks now at Dumfries?—There are four branches, but two of those have been established only since November last.

The profits of banking at Dumfries are sufficient to bear the expense of four different establishments?—I think it is quite impossible that it can bear it.

Are there not four establishments now?—They are there, but how long they will be continued it is impossible to tell.

But at present the expense of four establishments is borne by the banking business at Dumfries?—Yes.

Supposing the effect of an obligation to pay in gold was to do away with three of the establishments, and leaving the whole business to be conducted by one, do not you think that the banking business, having only the expense of one establishment to bear, that one banking establishment might be able to give the facilities of cash credits?—If there were any profits upon the trade at all, if that bank had the whole business, it would have a larger amount of profits certainly.

Do you know whether any bank in Scotland who do not issue notes of their own have ever granted cash credits?—I am not acquainted with that circumstance.

When a cash credit is granted to an individual, it depends upon his pleasure to what extent he may operate upon that cash credit?—Yes, under the limitation of the bond.

Does the banker find it necessary to keep in reserve a stock of notes by him to meet the demands that the persons to whom he has granted cash accounts may make upon him?—Most certainly.

When he keeps that reserve in his own notes, that is not attended with any expense or loss of interest to him?—Of course not, so long as the notes are in his own possession.

Could he afford to do that if he were to keep that reserve in gold?—I do not think he could; I think I have explained the impressions I have upon that subject already. With respect to gold, if he issues gold he could derive no more than the maximum rate of interest upon the gold so issued, and therefore he would get no more for his capital than any other capitalist would get; but further, the interest he gets upon the sums so issued must necessarily be reduced by the quantity of gold that he is obliged to keep in his coffers unemployed to answer the occasional demands of his trade, and any possible exigencies that may come upon him.

Do you receive from Edinburgh a stock of notes bearing a proportion to the amount of cash credits which are issued from the bank at Dumfries?—I receive from the bank at Edinburgh notes as I have occasion for them; but there are extensive exchanges going on between the four establishments at Dumfries, the consequence of which is, that I have very seldom occasion to apply to the bank for a supply of notes; the notes circulate in the district, and I generally get a quantity in that way that is sufficient to supply the circulation; if I want more, I write to the bank and they send them to me.

If the bank were to charge a different rate of interest upon their advances upon cash credit than they did upon discounting bills, is it likely that people would avail themselves of that mode of borrowing upon cash credits?—To be sure not; if they could have facilities of borrowing upon better terms in another form, it is not likely that they would resort to them if a higher rate of interest were charged.

Does the rate of interest that the banks allow upon deposits vary according to the general rate of interest throughout the country?—It has varied considerably, from two and a half per cent to four, and before that from four per cent to two and a half.

Do you apprehend that the banks at present allow a larger rate of interest upon deposits than that which they find necessary, to induce persons to leave their money with them?—The rate of interest allowed by the bank must depend upon the market rate of interest; there is generally a difference of one per cent between the rate the bank exacts and the rate it gives.

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Therefore, if the banks were to lower the rate of interest they give, the person that deposits money there would probably withdraw it, and make a more eligible investment?—Most unquestionably; he would endeavour to turn his capital to better account, that would be the natural effect of it; and provided he could lend it out more profitably, he would withdraw it from the bank.

A question was put to you as to whether the bank might not make up the profits they would lose by being deprived of the advantage of issuing small notes, by charging a higher rate of interest upon cash accounts, and lowering the rate of interest upon deposits; do you conceive the banks have it in their power to raise the interest upon cash credits, or to lower the rate of interest upon deposits, except according to the general rate of interest in the country?—I should think it must depend upon the general rate of interest in the country; when the general rate of interest fell all the banks discounted at four per cent, and when it rose they rose again to five per cent.

If the general rate of interest in the country continued as it is at present, could the banks reduce the interest they allow upon deposits, without a large proportion of the money being withdrawn?—I think a considerable portion of it would ultimately be withdrawn.

Is the rate of profit upon banking in Scotland as high as it was formerly?—I am not acquainted with the rate of profit generally, because not being a partner in the bank, I cannot tell what the rate of profit is.

Does not the high price of the bank shares rather prove that the profits of banking were formerly high, than afford any proof that they are at present high?—The shares would not have risen unless the trade had been profitable at some anterior period.

Do you conceive that any great increase of capital has been introduced into the banking trade of Scotland of late?—I should consider that there is a quantity of capital quite sufficient to support the trade.

If it were true that the banking trade afforded a higher rate of profit than other trades, would not it be very soon lowered by more capital being introduced?—No doubt, by competition, and such has been the effect.

Has not there lately been a very large banking establishment erected in Edinburgh, called the National Bank?—There has; it has a branch at Dumfries.

Which of the two branches at Dumfries was established first; the branch of the Commercial Bank, or the branch of the National Bank?—They were established much about the same time; I am not prepared to say which was first.

You were asked whether, if the four banking establishments at Dumfries were reduced to one, the profits that are now divided among four establishments probably might not be sufficient to pay one, and enable it to go on with cash credits; is not the quantity of credit afforded by a bank, and all the business it does, dependent upon the amount of capital it employs?—I should rather think the amount of business must depend upon the demand of the country; a bank might have a large capital without its being possible to employ it.

Is not its business regulated by the amount of its capital, so that it cannot exceed the amount of its capital?—I think a bank might trade to any amount to which its funds extended; that is, upon a capital of a million I should suppose it might trade to ten millions if it thought fit, and there was a sufficient demand. I mean, supposing the subscribed in-paid capital to be one million, and that the bank borrows nine millions, it would be entitled to trade to the amount of ten millions.

Do you not think that a bank that is possessed of a capital of one million may and will do more business than a bank that is only possessed of half a million?—If I can carry on a large and profitable trade upon a small capital, it is very clear that the profits divided upon that small capital would be much larger than if the capital were larger.

If your establishment, and the other agencies of the large banks, were withdrawn from Dumfries, would not the effect be to throw the banking business of that district of country into the hands of the country bankers?—The public must have accommodation in some way or other, if they cannot get it from respectable establishments, they must have it from establishments of a different description; but the necessities and the accommodation of the public require that there should be some banking establishment to which they can resort.

Do you not look upon it, that the system of the great banks in Edinburgh sending branches to distant parts of the country, has the effect of preventing any attempt to carry on the business of banking in any distant part of the country by local

local banks that are not of established capital and of good security?—It seems to me a great security to the country when the respectable banks in Edinburgh establish branch banks in the country; at the same time, if there was a bank in the country established upon an equally solid foundation, that bank would be entitled to enjoy the confidence of the country just as well; but, generally speaking, the establishment of banks of known solidity affords great security to the country.

Is not the planting of those establishments by the great banks a restraint upon the setting up of local banks, which are not banks of good security?—If they are not banks of good security, I think they would not be resorted to; but it is an advantage to the country to have them from those tried sources which have been long in existence. At least, as doing business myself, I would conceive it more safe to do business with an old establishment than with one that was erected yesterday.

Do you pay the notes of the British Linen Company in gold, at Dumfries?—No, we do not consider that we are liable to pay in gold; the notes are issued in Edinburgh, and payable there; at the same time, we are very willing to accommodate the public who want gold, and we do accommodate them to any reasonable extent.

What can they want gold for?—Perhaps a gentleman is going south, and he wishes to have fifty sovereigns to defray his expenses.

Do you exchange five-pound notes for one-pound notes, when they are presented for that purpose?—Uniformly.

Are you frequently called upon to exchange five-pound notes for notes of a smaller denomination?—Daily.

Therefore if the notes under 5*l.* were withdrawn from circulation you would be obliged, for the accommodation of the public, to exchange those five-pound notes in gold?—I conceive we should be in the same situation, as to those, in which we are now with regard to changing notes for silver.

If a law were passed obliging the banks to pay their notes in gold at the branches, do you imagine that the branches at Dumfries could be continued?—If the business was conducted as it is at present I think it would be quite impossible, because in that case the bank must keep a supply at each branch that would be equal nearly to the whole amount of the notes that were issued: for example, if the British Linen Company issues 500,000*l.* of notes, if they were payable in gold at any branch, then they must keep a stock of gold at each branch not only equal to its own issues but equal to the amount of the whole.

If the small notes were withdrawn, would they not be obliged to keep at those branches a stock of gold in circulation equal to the amount of the small notes in circulation?—They must keep a stock of gold to answer the issues of notes of a smaller amount than 5*l.*; that is, in place of dealing in paper for all sums under 5*l.* they must deal in coin.

What is the lowest amount of deposit upon which you allow interest?—We do not receive any deposit lower than 10*l.*, but if an industrious person, having lodged 10*l.* gets his interest and chooses to add 5*l.* or any smaller sum to it, we take it and give him a new voucher. Those deposits are all insulated and individual transactions.

So that having deposited 10*l.* he may afterwards augment that as he pleases?—Yes.

If a man borrowed 100*l.* in the way that has been suggested, upon a bond, without having reference to the cash account system at all, and he were allowed to repay it in sums of 10*l.*, the interest being deducted upon the sums he repaid, what would be the difference between that and a cash credit?—There would be this difference, that when the bond was thus paid off there would be an end of the accommodation. If the bond were so constructed that it operated in the same way bonds for cash credits do, then it would be, in fact, a cash account upon the credit of one individual, but the banks are not in the custom of doing that, because they like to have two strings to their bow.

Would a banker, in that case, give to an individual the same rate of interest upon his deposits which he charged upon the money advanced in a cash account?—If a banker receives a bond from an individual for 100*l.* to be operated upon and used as a cash account, that is a cash account.

Supposing a person gets 100*l.* from any quarter he sees good, whatever profits he derives from that 100*l.* he may pay into your bank, and you pay him interest upon it?—If he pays in money, we of course pay interest upon it.

You have stated, that possibly there might be an increase of forgery from the

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small-note circulation being allowed to continue in Scotland while it is abolished in England; do you apprehend any probable increase of base coin from introducing a metallic currency?—I think in the same proportion, and probably greater.

Is it your opinion that the balance of inconvenience, upon that ground, would be against a cash currency?—I think it might be as great, or perhaps greater.

Do you apprehend, in the event of the banks being allowed, by a repeal of the usury laws, to take a higher rate of interest, that that would be equally convenient for the poor tradesman with the present system of the banker making up his profits by a small-note circulation?—Unquestionably not; he would be subjected to a heavier expense.

Then the convenience arising from those cash credits, in the event of the repeal of the usury laws, would be only applicable to a species of tradesmen whose trade yielded a very large profit?—Certainly.

And persons whose trade yielded a small profit would be necessarily excluded from the convenience of cash credits?—Yes, I think all the smaller accounts must be struck off.

Did the Committee rightly understand you, that the issue of notes depended not upon the capital of the bank, but upon the demand of the country?—To be sure; that is to say, a bank with a million of capital might not only trade to the extent of the million of in-paid capital, but if it had borrowed an additional million of capital, it might trade also to the extent of the capital it had borrowed, because if it borrows it must lend; the trade of a bank is not limited to the extent of the in-paid capital.

Do you apprehend any other injury from the suppressing of small notes, besides the checking of cash credits and the system of giving accommodations by the banks?—It would not only limit the cash accounts, but it would check the discounts also; it would be impossible for people to raise money by discount with the same ease and facility that they do at present; that is to say, I think it would materially check the amount of the circulating medium.

Do you think it would expose to risk the continuance of that system of banking in Scotland, which has been found to answer so well?—I think it must materially change its character before it could be continued; how it might ultimately defend itself against the measure it is impossible to say; we have no experience upon that point; but judging from past experience, I may safely say that the present has answered the necessities of the country.

Is there any thing in the system which appears to you to require any change?—I think any change in the system would be highly inexpedient, but that is mere matter of opinion; it would be contrary to the feelings of the public, and I think injurious to the public interest.

Would the substitution of gold in Scotland for notes under 5*l.* occasion, under any circumstances which you can foresee, a less likelihood of drain for gold from the Bank of England?—With respect to that, it appears to me that the abolition of small notes and the substitution of a metallic currency in place of those small notes, together with the quantity of gold which the bank must keep in its coffers unemployed, to answer the demands of its trade and provide for possible exigencies, would of necessity occasion a much greater drain upon the Bank of England than can possibly arise under any circumstances in the present state of things; for example, if the small notes just now amount to two millions, and if gold is to be substituted for those two millions, gold to that amount must of course be got from the Bank of England, at least there is no other way so convenient in which it could be got; for if I were wanting gold, I would not go into the market and buy bullion and send it to the Mint to be coined, but I would possess myself of the notes of the Bank of England, and being possessed of those notes I would then get the gold from the bank in a state ready for use.

Then, in your opinion, the currency of Scotland would be more liable to fluctuation, if gold were substituted for paper under 5*l.* than it is at present?—I do not know that it would be more liable to fluctuation, but I think there must be of necessity a much greater drain upon the Bank of England if gold were substituted for paper under 5*l.* than could under any circumstances arise according to the present system; because, as I said before, supposing there are two millions of gold wanted in order to replace the small notes, and supposing that the bankers are obliged to keep a million in their coffers to meet the calls that may be made upon them, that makes three millions, the whole circulation of Scotland is only four millions, and if you were to abolish notes altogether, there would be only an additional

tional million wanted; it therefore occurs to me that the drain upon the Bank of England must in the case supposed be much greater than it could under any possible circumstances be according to the present order of things.

Do you happen to have any cash account in your possession which you could show to the Committee?—I have not; but I believe the Committee are already in possession of a form of a bond. The cash account is kept precisely as any other account current is kept; there is no difference upon the face of the account; it is a debtor and creditor account as any other account is.

Is that the form of a cash account?—[*A paper being handed to the Witness.*]—Yes, it is something in that way; it is just an account of debtor and creditor,—“To 100*l.*” and “By 52*l.*” and so on.

You calculate the daily interest?—Constantly.

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Mr.
John Commelin.

(24 April.)

Mr. *Hugh Watt*, called in; and Examined.

YOU are connected with the Arbroath Banking Company?—I am cashier of the Arbroath Banking Company.

Do the Arbroath Banking Company conduct their business in the same way in which other banking companies in Scotland do, by opening cash accounts and discounting bills?—The same as other provincial banks.

Do they issue their own notes?—Yes.

Have they any branches?—Two; one in Forfar, and one in Cupar Angus. Cupar Angus is partly in the county of Perth, and partly in the county of Forfar.

When were the two branches established?—The bank itself, and the two branches, have all been established within this last year.

It is entirely a new establishment?—Yes.

Was there any branch of any other bank at Arbroath when it was established?—Yes.

What led to the establishment of this bank; was it called for in the country?—I am not a native of Arbroath; I merely heard of the forming of the Arbroath Bank when I was in the Perth Bank, where I had been seventeen years; and I made an application for a better appointment than the one I had at Perth.

Has not the Dundee Union Bank a branch at Arbroath?—Yes.

Has any other bank a branch at Arbroath?—The Montrose Bank have a branch.

Is there business enough at Arbroath for three banking establishments?—Perhaps two could do the business, but the establishment of the Arbroath Banking Company, I believe, took place from the idea of the merchants and residenters there wishing to secure part of the profit of the banking business to themselves, which they were in the habit of giving to branches of other establishments from other quarters.

And they thought that profit enough might be derived for a new banking establishment to cover the expense of the officers?—Yes, and to yield a moderate return for their capital.

Has not the British Linen Company a branch at Arbroath?—Yes, the British Linen Company have lately established a branch there.

Has any other Edinburgh bank established a branch there?—None.

There are four different banking establishments at Arbroath at present?—Yes.

Supposing that the bank with which you are connected were prevented from issuing notes below 5*l.* what would be the effect upon its business?—I think the bank could not be able to give the same rate of interest which they give upon deposits of money if they were prevented from issuing small notes; and that it would affect its profits in a material degree.

Do you think they might make such a reduction in the amount of interest on deposits as would cover the expense which would arise from the issuing of advances on cash credits in sovereigns?—I am afraid in the provincial banks, such as the Arbroath Bank, and others similarly situated, we would not be able to give any interest upon deposit money if the small notes were taken away.

What notes does the banking establishment with which you are connected issue?—Twenty-pound, five-pound, and one-pound notes.

No two-pound notes?—No.

No guinea notes?—No.

What proportion do the notes below 5*l.* bear to the notes above 5*l.*?—Rather more than two-thirds of small notes; indeed, at this moment, almost the whole circulation of the Arbroath Bank is in notes of 20*s.*

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*Mr.
Hugh Watt.*

(24 April.)

Do all the other banks issue notes below 5*l.*?—Yes.

Have there been any forgeries committed upon your notes?—No, not one.

What proportion do the notes issued upon cash credit bear to the notes issued on discounts?—We have very few cash credits yet in the Arbroath Bank on account of its being only a new establishment, the greater part of its notes have been issued upon discounts.

What length have the bills to run that you discount?—Generally three months.

What is the longest bill you have discounted?—Six months.

Do you make any difficulty in discounting a bill at six months, if the party who presents it is respectable?—It depends on circumstances.

Would you now discount a bill at six months, if you were satisfied of the security of the party?—We would not like to do it.

Would you rather do it than let it go to another bank?—In the present state of the trade we would rather decline it at six months.

What is the trade at Arbroath with which the bills you discount are generally connected?—The principal trade in Arbroath that the bills we discount are connected with, is the manufacture of flax into flax-yarn by the spinning mills there, and then the yarns are woven into different kinds of cloth, and sent to London and other parts of the kingdom, and sold; and there are different local bills passing in the town, and bills upon London, Glasgow, &c. for the goods after they are sold there.

How many branches has the Perth Bank?—Five; at Dunkeld, Crieff, Cupar Angus, Inverness, and Auchtermuchty.

Do those banks still continue?—Yes.

Is there any original bank at Inverness?—No; the bank of Scotland have long had a branch there.

What is the most northern branch existing in Scotland?—I could not say precisely; I believe the Commercial Bank have a branch at Tain, in Ross-shire.

Did the Perth Bank, when you were connected with it, conduct its business precisely in the same way in which the Arbroath Bank conducts its business?—Yes; I had been seventeen years in the Perth Bank, and it has been considered a flourishing bank, and I have endeavoured, as far as circumstances would admit of it, to get the Arbroath business conducted in the same way.

What proportion did the issues of notes below 5*l.* in the Perth Bank bear to the issues of notes above 5*l.*?—The issues of notes below 5*l.* were at least two-thirds.

Were there any other notes below 5*l.* but one-pound notes?—Guinea notes; they had a few two-pound notes, but very few of them; they did not seem to be liked by country people.

Was there any circulation of gold in the part of the country with which the Perth Bank was connected?—Very little; the country people did not at all like to take the gold.

Have you found that they paid in gold to you, when they had it as deposits?—Yes, they were very glad to get rid of it.

But some small quantity probably remained in circulation in the towns?—We have found that there was very little indeed, and when a person got any of it, he wished to part with it as soon as possible; they were afraid of its being deficient in weight, or that it probably was a counterfeit; they had not the same means of judging of it as they had of a note; any person beside them could tell them whether a note was genuine or not.

You do not think there is any danger of hoarding gold going to any extent in Scotland?—I have never seen any disposition in the country people to hoard gold.

What was the period at which you remarked so much anxiety to get rid of the gold?—I do not recollect any particular period, but I have observed it uniformly in my experience, acting in different parts of the country. I acted as inspector of the Perth Bank agencies, at the five branches, and I have uniformly seen that country people especially do not like to keep gold beside them.

When they had it during the time of the cash suspension, did they always bring it to the bank to be exchanged for paper?—I found that they usually preferred keeping silver.

If they had gold, what did they do with it then, when guineas were selling for 24*s.* or 25*s.*?—Any that I observed came to the bank with them, and took notes.

Is there an ample silver currency in Perthshire, and that part of the country?—Yes, we have always found that there was plenty of silver.

What

What is the smallest sum the Perth Bank would take in deposit?—The sum they are restricted to is generally 10*l.*; but upon any particular occasion I have seen them take smaller sums,—5*l.* or 6*l.*

Do all the banks at Arbroath allow the same interest upon deposits?—Yes, four per cent.

Supposing one of the banks were to allow five per cent upon deposits, do you think it probable that that would draw to that bank the deposits that are lodged with the other banks, or is there any understanding among the banks?—There is no understanding among the banks. I should conceive, unless there was a prejudice against any bank, if it gave more interest than another bank, it would get the deposits out of the other banks.

Would it be considered perfectly fair in a bank to allow five per cent upon deposits, without communication with another bank?—I do not know of any understanding between the banks but what they might do so, if they thought proper; as to small sums in Arbroath and in Perth, the saving banks there deposit their money in the provincial banks; and any person who wishes to deposit a small sum in the provincial bank, gets rid of it by depositing in the saving bank.

What interest do the saving banks allow?—They allow four per cent to the depositor in the Arbroath Bank. We had 3,000*l.* deposited in the names of five hundred different individuals.

So that the saving banks take a class of depositors with whom it is no advantage to a banking company to deal?—The banks have made it a rule not to take a sum, unless under particular circumstances, under 10*l.*; and the saving banks begin by taking 1*s.* and allowing interest when it comes to 12*s.* 6*d.*

To what class of persons were the cash credits granted by the Perth Bank?—They were granted to various classes.

Without going through the whole, wherever one class contained a good number of individuals, will you state all the classes to which cash credits were granted?—They were granted to small farmers who required assistance in stocking their farms, or perhaps carrying on a small cattle trade; they were granted to shopkeepers, principally commencing business, such as drapers or haberdashers, and to tradesmen generally; any tradesman commencing any business where he required a little money to purchase stock with, as perhaps his own savings did not amount to a sum sufficient to enable him to lay in that stock, the bank granted him an account for 100*l.*, 200*l.* or 300*l.* as they thought his business was extended enough to require; and they did this on account of the profit which they conceived they were to derive from a variety of operations upon his account, in circulating their small notes and paying in mixed notes into his account in the course of his business.

Were there many forgeries upon the Perth Bank?—There were no forgeries upon the Perth Bank during the seventeen years I was in the bank, except one that was done by the French prisoners while they were living at the dépôt at Perth, but it was so clumsily executed, being done with a pen, that it could not deceive any one.

Is that the only instance of a forgery upon the Perth Bank during the last seventeen years?—There was an instance of it about three years ago, of about ten or twelve of their small notes coming to them from Edinburgh, which had been picked up by a man that had found them lying upon the street; they were sent by Sir William Forbes and Company, their agents, at Edinburgh; those notes were forged, but we never paid any of them.

They were not presented for payment?—The man that found them in Edinburgh carried them to Sir William Forbes and Company.

Is it possible that forged notes might be in circulation without your hearing of it?—I do not think it. I now recollect that a few of the same description of forged one pounds were presented at the bank for payment.

So that a forged note might be in circulation for a year without your having any means of ascertaining whether it existed or not?—It is possible, but not very probable; it would most likely come to the bank or to one of its correspondents within that period.

What length of time does a one-pound note generally remain out in circulation?—I never formed any calculation. I have seen a rare note or two at a time come in of a long date, as if they had been hoarded.

Do you think they remain three years out, upon an average, without being re issued?—No.

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Mr.
Hugh Watt.

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Will a note last three years upon an average?—We calculate that they last three years, but they may be re-issued a hundred times within that period.

Are you aware of the manner in which the cattle trade is carried on in the north of Scotland?—I acted in Dunkeld for seventeen months as agent for the Perth Bank there, before going to Arbroath, and I have been occasionally at Inverness, as inspector of the Perth Bank there, and in those places the cattle trade is carried on to a considerable extent; and I heard cattle dealers, with whom I have done business, talking generally of their business, I cannot say that I understand it thoroughly.

You have said that you have a number of deposits at Arbroath; have you many deposits from the poorer orders of the people?—Yes, from the working classes; the principal part of the small sums deposited are from the working classes.

From 10*l.* upwards?—From 10*l.* to 100*l.*; and that in the town of Perth, where my experience has been greater, I am certain I am within the sum when I state that 10,000*l.* sterling is paid annually in interest in that town to the working classes, and others in the town and neighbourhood, upon sums above 10*l.* and not exceeding 100*l.*; and it is the greatest inducement to those people, to save their money, the accumulation of interest that goes on from their deposits that they have in the bank.

Would any reduction of the interest that the bank pay upon deposits materially affect the interest of that class of people?—I conceive it would; I know not any one thing in Scotland that has tended more to form and maintain saving habits amongst the working classes of the people, than the giving of a large rate of interest by the different banking companies to that class of depositors.

Do you think if you were materially to reduce the rate of interest you paid upon deposits, you would lose any considerable quantity of the larger deposits that are now in your hands, speaking from your experience at Perth rather than at Arbroath?—The large sums we never calculated upon remaining any length of time, but they only remained in the bank till the person or persons to whom they belonged found a more eligible way of investing that money.

Do you think that persons would be induced to remove their deposits from you if the rate of interest were rendered more inferior to the market rate of interest than it is at present?—I think they would.

Then the only interest that you could reduce would be that upon the deposits of the smaller depositors, whom you have mentioned as existing among the working classes of the community?—I conceive they would be the greatest sufferers by the change.

Do you think that the circulation of the small notes is the principal inducement for the banks in Scotland granting cash accounts?—It is one principal inducement.

Do you think they could continue granting cash accounts, if the circulation of small notes were taken away from them?—I do not think they could.

Do you think that they could impose any rate of interest or any commission upon the transactions under those cash accounts, that would remunerate them for the expense of them, and for the profit they would lose by being deprived of the circulation of small notes, which would not be greater than to induce persons to continue those cash accounts?—I do not think that they could impose any rate of commission that would remunerate them for granting those cash accounts, were the small-note circulation done away with.

Mr. Roger Ayton, called in; and Examined.

Mr.
Roger Ayton.

DO you reside in Scotland?—Yes.

What part of Scotland do you reside in?—At Greenock.

Are you connected with any banking establishment?—Yes, I am manager to the Renfrewshire Banking Company.

Where is the principal establishment of the Renfrewshire Banking Company?—At Greenock.

Are there any branches of any other banks in Scotland at Greenock?—No, there are no branches; there is another bank, the Greenock Bank.

Are you a director of the Renfrewshire Banking Company?—I am the manager.

How many partners has that bank?—Six partners.

Does your bank receive deposits to a considerable amount?—Yes, pretty considerable.

What would be the effect of the subtraction of notes under 5*l.* and the substitution

tution of gold in that neighbourhood, in your opinion?—It would be a complete alteration in the whole system.

To what extent of district does the circulation of your small notes go?—We have two branches in Argyleshire, at Inverary and Campbeltown; in Rothsay, at Port Glasgow and Glasgow; and I may say that the principal part of Argyleshire is supplied by our notes.

What is the principal trade of that part of Scotland?—Cattle, wood, kelp, and the fisheries.

Are you in the habit of supplying the circulating medium to the dealers, in all those different trading pursuits?—Yes, very much so.

Is there a considerable fishery carried on on that coast?—Very considerable fishing.

What is the most distant of your agencies?—Campbeltown, in Argyleshire.

What is the principal business of that part of the country?—The principal business is fishing, and now distillation, and cattle, and farm produce.

Is there any manufacture of kelp?—Not immediately at Campbeltown, but in the islands contiguous to the opposite shore there is considerable manufacture of kelp.

Do you supply the monied wants of those islands?—In a great degree; there are other banks who do business there also.

Is there any bark, the produce of that country?—At Inverary there must be great produce of bark, but not at Campbeltown.

In what way is the business of the fisheries carried on?—The fishing is carried on in this way; the inhabitants of the coast have small boats which they go out in and catch the fish: they follow the shoals from place to place: a fish-curer goes from Greenock with a supply of notes from the banks, all in small notes, perhaps to the extent of 1,000 *l.* with a proportion of silver; he buys the fish from those boats, and pays for them every morning.

You speak of the herring fishery?—Yes.

To what sum may the produce of a night's fishing generally amount, which is so paid in the morning?—A boat will be in very great luck indeed if it catches 5 *l.* worth, but it is very seldom they get that amount, most generally under it.

Has the money that they receive to be divided among the men who man the boat?—Yes.

Would any other than a circulation consisting of one-pound notes, or sovereigns and silver, answer the purpose of that trade?—No other.

Could it be carried on with a circulation of five-pound notes and upwards?—It would be impossible; they could not pay them with five-pound notes; they must entirely have sovereigns, or small notes, with silver.

Supposing that every one-pound note now in circulation was to be replaced by a sovereign, could not this trade be just as well carried on by sovereigns and silver as it now is by one-pound notes and silver?—I should think not; because the sovereigns will not remain in that part of the country.

Why should they not remain as well as one-pound notes?—The one-pound notes do not remain, they come back.

Then, if the one-pound notes come back, why should not the sovereigns be brought back in the same way?—The one-pound notes come back to ourselves by exchanging with other banks, but if it was gold we would have no such gold brought back to us to supply the place of the gold we issue.

Do not the bank-notes come back in the shape of what you call exchange, in consequence of the trade in the country?—Yes, they may come in consequence of paying rent, taxes, and in different ways.

Then would not those trading transactions equally go on if payments were made in gold?—Our notes may go to Inverness and other distant parts, and are sent by the bankers in their districts to Edinburgh by coach: our banker in Edinburgh exchanges our notes and returns them to us; and in that way we keep up the circulation, but the gold would not return to us in that manner.

Supposing the whole circulation in the country of one-pound and two-pound notes were to be changed into gold, would you not then receive a sovereign in payment in every case in which you now receive a one-pound note in payment?—Yes, but we do not receive the same amount in payment in small notes that we issue.

Supposing the one-pound notes to be converted into gold, if there existed then the same number of sovereigns of which there exists now one-pound notes, would you not then in every case in which you now receive a one-pound note receive

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Mr.
Roger Ayton.

(24 April.)

a sovereign?—The sovereigns would not come back in that way at all; we may receive in exchange perhaps 10,000 *l.* all in one-pound notes, now we could have no payment of that kind in sovereigns.

Is it not so, that the issues made by one bank beyond the quantity of its notes which can be kept in circulation, cause an exchange with that bank, by other banks, of their notes?—Yes.

And therefore this return of notes to you is a means by which the excess of issue is reduced to the necessary amount of circulation?—Exactly.

If the issues were made in gold, and the gold were issued in excess beyond what the wants of the circulation required, that excess would be corrected, not by the gold returning to you, but by the gold finding its way out of the country?—Yes.

What is the distance of those fishing stations from the head quarters of your bank?—The vessels go from Greenock to Loch Fyne, and Caithness, and to Orkney, and to the east and to the west coast.

What distance are Caithness and Orkney from your bank?—They are upon the north coast, and we are at Greenock, upwards of three hundred miles.

Do you happen to know what is the nearest banking establishment to those remote quarters of the country?—The nearest bank to Inverary is a branch, very lately established at Fort William, by the bank of Scotland.

What distance is that?—I am not perhaps very correct in giving the distance, but it must be seventy miles.

What distance is Caithness from the nearest branch or bank?—They have lately got some banks in Caithness; there are some in Shetland now, and some in other parts in the north.

Your bank, if the circulation were in sovereigns, would have to send sovereigns to that district?—Yes; but we could not supply the amount requisite.

Then you would not afford that supply for the sake of the profit that would accrue to you from it?—We would have no profit at all from circulation in sending gold, and no inducement to do it.

Upon what securities do you advance the money you send to the fisheries?—We advance them upon cash credits, and upon bills drawn by the master of the vessel upon the fish-curers who remain at Greenock.

And it would not pay you to discount those bills if you had the expense of supplying that district of the country with gold?—No, it would not; we could not do it; the expense of supplying ourselves with gold would be one and a quarter per cent, and the difference between discounting and borrowing is only one per cent.

Are the persons you advanced money to at Greenock, to enable them to go and make purchases of fish upon the coast, mere agents for the buying of fish, or are they concerned themselves in the fisheries?—They do both; they sometimes fish, but they most generally buy from the small boats.

Without being actually concerned in conducting the fisheries themselves?—Yes.

How many men are there in a small boat?—From two to three men.

Do you know the number of those boats?—The number is very great; they employ about ten thousand persons in those small boats.

Within what extent of coast?—Upon what we call the Western Fishings.

Is the money you supply to those fish-curers that go to purchase fish advanced upon cash credit, or upon the discount of bills?—We do it in both ways; sometimes we give them a credit to our agent at Inverary, that is, we allow the master of the vessel, when he finds he requires money, to draw upon the fish-curer at Greenock, at three or four months date, and the money is given upon that security alone.

In your opinion would it be possible to carry on that business of the fisheries without the discount of those bills in the manner you have mentioned, or without the cash accounts you have mentioned?—It would be quite impossible; for they have generally expended their stock-in-trade in erecting stores, and in the purchase of vessels necessary for carrying it on; their capital is expended; some few individuals who have money send it for that purpose.

Are those fish-curers people of small capital generally?—People of small capital.

Are they engaged in any other description of trade?—No, they are what are called coopers, that is, the making up of barrels, and fitting them up; they are entirely concerned in the fishing business.

Do you apprehend that any fishermen would be thrown out of employ by the change?—A great number, because the supplies would fall off.

Do

Do you apprehend that the same consequences would take place in other similar occupations of industry throughout Scotland?—I should think so.

That is, in the first instance, the change might be attended with a great diminution of the demand for the employment to the lower orders?—Yes; and a great want of the means of employing them.

Do you mean to say that the fishermen would give up their trade of fishing if they were to be paid in gold instead of being paid in paper?—No, I do not mean to say that, but that the fish-curer could not receive the necessary supplies to go to the fishing.

Do you think the substitution of gold for paper in Scotland would tend to give the fishermen less remuneration for their trouble than if they were paid in paper?—It would not give them less remuneration if they got the gold, but they could not get it.

Why could not a fish-curer carry gold with him as well as paper?—He could if he had capital to purchase it.

Do you mean to say that you give loans to a man of no credit, merely that he may circulate your notes?—We give him loans because he is a man of credit, and has property sufficient in our town; but he has not spare capital to purchase gold.

If he was a man of credit would not you discount his bill?—Not in gold.

Supposing a gold circulation to take place, would you not discount any bills?—We might discount the bills in our immediate neighbourhood, because the circulation would come round in a shorter time; but any alteration of our system would diminish the means of the banks. From paying in gold, we must alter our rate of interest upon deposits; thus deposits would be taken away, and our means would be lessened by that amount required to purchase gold.

Is the amount of your discounts regulated by your deposits, or by your capital?—By both deposits and capital.

The Committee understand you to have said that the bills which are discounted in the fisheries are not discounted by you at your head office, and the money there paid over to the persons bringing the bills to be discounted, but are carried by them to your distant branches as at Inverary, where your agent discounts the bill by your authority, and pays over the money to the customer?—We do it in both ways.

Then it is the expense of sending gold to Inverary that would deter you from allowing your agent at Inverary to discount the bills there?—Most certainly; and we could have no agencies.

Do you know whether it is the practice of the fishermen to make deposits at any of your branches; do they thrive so in their pursuits as to be enabled to make deposits?—Yes, some of them.

Have you had many deposits of small sums?—More than one half of our deposits are of small sums.

What is the lowest amount you take?—£. 10.

What description of persons make those deposits?—Country people; labourers and servants, and that class of people.

Have you found that your system of giving cash credits leads to any extravagant circulation?—Not at all; because if we found that it would be a dead loan, we could call up the credit immediately.

Then there is no spirit of improper adventure as the consequence of your accommodation?—I should think not, the cash credits are merely for the sake of receiving and paying money, and it gives the persons having them an extension that they can draw more than they have actually at their credit; but unless money is both paid in and drawn out we would call up the cash credits immediately.

Do you mean that the check that you have by inquiry into the conduct of the individuals who receive accommodation is sufficient to prevent improper speculation?—Yes; we know the nature of their business, and that has the effect of preventing any improper speculation.

Have you not also two securities for those cash accounts?—According to the amount upon a cash credit; for a thousand pounds we require three.

Do those securities, from a regard to their own safety, generally keep an eye upon the conduct of the persons who have the cash accounts?—Yes; they are very attentive to their conduct, if they find them going wrong they frequently come and desire us to call them up.

Do you think that operates as a material check upon an imprudent and extravagant conduct among the class of people who have those cash accounts?—Yes.

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Mr.

Roger Agden.

(24 April.)

Do you find that this system of accommodation produces fluctuations in trade?—

No, I do not think there is any fluctuation in trade arising from that.

Do you think it produces any fluctuation in the rate of wages?—No, I do not think that it does; the rate of wages is very steady.

Are the farmers in your neighbourhood in the habit of obtaining cash credit from you?—Not in our immediate neighbourhood.

In any part of the district in which you deal?—No; I do not recollect we have any at present.

What security do you feel exists in Scotland against the establishing of a weaker description of bank, and thereby destroying the present character of that system, with regard to its solvency and security?—If a weak bank were to be established, our exchanges are so very powerful and so frequent, they could not stand it: in every six weeks, and sometimes once in a month, we retire the whole amount of our notes in circulation.

Would there be a disposition on the part of the existing banks to combine against such an attempt to introduce a weaker description of establishment?—If we found that there was a weak bank, we would not receive their notes.

Have attempts been made to establish banks of that kind?—Not that I know of; there was a talk of a new bank at Greenock, but it has been given up.

Do you think that the dread of incurring the consequences you have mentioned had any effect in causing that bank to be given up?—I suppose partly that, and partly this measure which is now proposed, that there should be no small notes circulated.

Do you feel that the system of banking in Scotland is safe from those risks which occur in this country from panic?—I should think it perfectly safe from panics, because every individual that has money deposited in the bank is made a partner in the profits of the bank by receiving interest.

In point of fact, has there at any time been a general run upon the banks through Scotland?—I never knew one.

Is it likely that those sudden contractions or fluctuations of the currency should take place in Scotland which are the general cause of panic in this country?—We have no great fluctuation in our currency; our currency is very steady; in some years it does not vary one per cent.

Have you found it vary more than could be accounted for from the course of trade?—It is accounted for from looking at the prices of corn and the prices of cattle, the increase or decrease of the circulation is owing to this.

Have you had any instances of a great contraction of currency on a sudden in Scotland?—None.

Do you happen to know how long it is that the circulation of Scotland has consisted of paper?—I have no personal knowledge, except from what I have heard, I believe, from the time of the institution of the Bank of Scotland, which was about a hundred years ago.

So that there is no time within the memory of man in which gold has been the circulating medium in Scotland?—I should think not entirely gold.

In point of fact, when gold was the circulating medium of every other part of the empire, notes were the circulating medium of Scotland?—Yes, I believe so.

During that time did the people of Scotland prefer the bank notes to gold?—They did, and they do so now.

To your knowledge, has any injury ever been sustained by the public in consequence of the circulation of the country consisting of paper?—There have been two failures of banks.

Within what time?—Since I recollect.

Did not one of them pay 20*s.* in the pound?—That was Douglas, Heron, and Company's bank; and before my time, there was a failure of a bank at Stirling, they paid 14*s.* in the pound, but it was a very small bank, and it could hardly be called one. There was another, the Falkirk Union Bank; their affairs are not yet wound up; they have paid 8*s.* in the pound, and they will pay more.

Are those the only failures that have occurred in the course of a century to your knowledge or recollection?—All that I have heard of.

When people make deposits into your bank, what is the sum they generally pay at a time?—Ten, fifteen, twenty, thirty, forty, fifty, and up to a hundred, or two hundred pounds, or larger.

In what kind of notes are they generally paid?—The smaller payments are in small notes.

Are

Are they generally paid in notes under 5 *l.*?—Under 5 *l.*

When people draw out upon cash credit, what is the sort of sum for the poorer classes of persons that you usually advance at one time?—It depends upon the nature of their business, for what purpose they want it; if it is for wages it is entirely in small sums, if it is for duties it is in larger sums.

What do you call small sums, with reference to that?—Twenty pounds, thirty pounds, fifty pounds; sometimes 1,000 *l.* are drawn out from cash account for the purposes of wages.

What description of notes do you usually issue upon those occasions?—All one-pound notes and guinea notes.

Supposing that the 1,800,000 *l.* which are supposed to be in circulation in Scotland in one-pound notes were replaced by eighteen hundred thousand sovereigns, and that those sovereigns remained in circulation in Scotland as the one-pound notes remain in circulation, would not you receive in payment upon deposits, and when you received payment for bills which you discounted, nearly as many sovereigns as you now receive of one-pound notes?—I should think not, because our notes are paid back to us in the exchanges, and thereby we keep up a supply.

Would you not receive as many sovereigns as you now receive one-pound notes minus those notes which you issue, which being in excess are returned upon you?—We would not receive an amount at all equal to what we issue.

Would not the only way in which those returns would be made to you, be by parties coming to make deposits with you?—Yes.

Would the gold come back in payment of the bills you had discounted as your notes do?—No.

When you discount a bill, you advance perhaps 1,000 *l.* to a man; when the bill becomes due he must repay you; if gold was the basis of the circulation, would not a portion of that 1,000 *l.* be paid to you in gold?—Yes.

And to whatever extent those payments were made to you in gold, they would furnish you with the means of discounting bills, paying them partly in gold?—To answer that question it is necessary to say, that it would be quite impossible to carry on the same amount of business, because we would lose the profit upon the small-note circulation; we would also lose the profit upon the capital employed to purchase the gold, and which is now used as part of the means.

But if there were 1,800,000 *l.* of gold in circulation in the country, you would not be obliged to purchase gold in the same manner in which you now do, there being hardly any gold at all?—The gold would not remain in the country, it would be sent away.

Do you apprehend from the suppression of small notes any other inconvenient effects, besides checking the system of giving accommodation by cash credits and discounts?—I think it would have the effect of changing our whole business, lowering the rate of interest upon deposits, and taking away the means of the bank, to that amount, of doing the business of the country, and that our whole business would be curtailed in a very great degree.

Do you think it would expose the long established system of banking in Scotland to derangement?—To complete derangement.

Will it expose the country to lose the benefit of that system?—Entirely.

Do you think that the introduction of specie, to an amount sufficient to supply the place of the small notes, may induce the public to look to the payment of specie as the criterion of solvency of the bank, in place of looking to those circumstances that they now confide in?—They would then demand payment in specie, and they would consider the banks solvent or not as they can pay in specie.

Might not the habit be introduced of runs upon banks?—It would have that effect most unquestionably.

Might not, therefore, a habit of panic be introduced into Scotland, by introducing specie to the extent supposed.—I should think it would.

You think it is impossible to carry on the trade of banking to advantage in a country in which the basis of the circulation is metallic?—That it is impossible to carry on our system of banking; we must make greater charges, and allow less interest; we must make charges which the business of the people that draw money from us could not afford to pay us.

You do not apprehend that it would be impossible to carry on the business of discounting bills with a metallic currency?—I should think, that with the present capital in the country it would be quite impossible to carry on the business of discounting bills to the same amount, or to half the same amount.

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Mr.
Roger Ayton.

(24 April)

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Mr.
Roger Ayton.

(24 April.)

Do you do any business in discounting bills for the merchants of Glasgow?—Yes.

Do you think there is any thing so imperfect in the system of banking in Scotland as to render it advisable to attempt to place the banking system there on the basis of specie?—I should think not: there is nothing which could be altered; if there is any guard which we could adopt, we would be happy to adopt it.

Has not Scotland, in point of fact, enjoyed a paper currency for all sums of 20*s.* and upwards, without experiencing any injury from it?—With the exception of those two banks that have failed, and by which the public suffered to a very trifling degree, as the other banks held the greatest proportion of their notes.

Is there a prospect of this system continuing to work well?—I should think so; I see no reason for fear or danger.

Supposing that the transactions of the country were to increase considerably, do you think that it would still continue to be equal to supply the wants of the public?—The transactions of the country must be increased by the increase of capital, of course that increase of capital would come into the banks, and would furnish them with the means of going on.

And therefore in that way the banking business might be extended without exposure to derangement, by new banks being established in proportion to the new wants of the country?—Certainly.

Do you think that the same inconveniences which you apprehend from the prohibition of any notes under 5*l.* would attach to a prohibition of any notes under 3*l.*—Yes; because the notes of 2*l.* have been already tried and found to be unfit for the purposes of the country.

Do you conceive that there would be any additional convenience if the circulation of notes of 10*s.* were permitted?—There would be a very great inconvenience to the banker, because he could derive no profit from them; and besides he would be at immense trouble and expense for stamps and paper, so that he could derive no adequate profit from them.

Will you explain why the sum of 20*s.* is precisely that sum which is most convenient to represent in a bank note, and why a bank note representing 10*s.* or representing 30*s.* or 40*s.* would be less convenient than a bank note representing 20*s.*?—The convenience of a twenty-shilling note is this, that it is very easily changed into silver, and it is received in payment of wages and different things. A ten-shilling note would be attended with great trouble and expense to the banker, and he could not issue any sufficient number of them to repay him. The same trouble that attends a twenty-shilling note attends a ten.

Would not a ten-shilling note be equally exchangeable for silver, and equally payable for wages as a twenty-shilling note?—It would be exchangeable for silver certainly, because it would require less silver to change it.

Therefore it would be more exchangeable?—Yes, but it would be attended with very great inconvenience, for the entries in the bankers books would be so numerous, that it would be unprofitable.

Would it not be more convenient, where a payment of 10*s.* is required, to pay it by a bank-note, than to procure ten pieces of silver for the purpose?—The silver is sufficiently plentiful to change a twenty-shilling note; 10*s.* would require to be divided into smaller sums again, and that there is no greater difficulty in carrying 20*s.*

Is not there some expense in the transport of silver?—When we are obliged to send silver, of course there is a very heavy expense; but there is a sufficiency of silver without requiring any transport.

Do not you find it sometimes necessary to send silver to your distant establishments?—No, we do not. We give silver to the fishermen when they go out, but they carry it at their own expense.

In those payments that the owners make, do not they use a great quantity of silver?—They always get a proportion of silver from us, which they send out in their vessels.

Do they carry it themselves from Greenock?—Yes.

In point of fact, has not the experience of years proved to the country the smallest amount of note that is convenient for the use of the country?—I should think so.

Would not the getting rid of one-pound notes, if two-pound notes were allowed to circulate, render it necessary to have sovereigns?—Unquestionably you must have sovereigns to change them in every district.

Then

Then, in point of fact, it would be a considerable change in the system?—A most decided change in the system.

Then there would be still the objection of changing a system that has been found to work to the advantage of the country?—Certainly.

It has been stated in evidence to the Committee, that the means that a banker has for carrying on his business are his own invested capital, the amount of his deposits, and the amount of his circulation, is that the case?—Yes.

And that the amount of his circulation, upon the whole, does not exceed or greatly exceed the probable amount of his invested capital; now if his circulation is carried away, is not one of the means carried away with which he carries on his business?—Certainly.

If a banker has 100,000*l.* of invested capital, and he can circulate 100,000*l.* notes, he carries on his business with means amounting to 200,000*l.* and if you take away his circulation, you reduce his means to 100,000*l.*?—Yes.

You have stated that kelp is a considerable article of produce in the part of the country with which your branch has a connexion?—Yes.

Is that a business that could be carried on by means of a circulation of gold, in your opinion?—They would find it very difficult to carry gold to those distant parts; they require supplies from our agents, of bank notes, and taking away our circulation would take away our profit and our inducement to keep agencies.

You are, then, of opinion that the expense of carrying gold to those parts of the country where the kelp manufacture is carried on, would be so great as to produce great inconvenience in that branch of the business?—Very great inconvenience.

Do you think there would be any risk attending the transport of gold for those small exchanges, in those distant parts of the country?—There would be very great risk; there are dangerous ferries, and they would be obliged to travel through uninhabited and Highland districts of the country, where there are no coaches or means of carrying it.

As the population of the country are so fond of notes, would not a robbery of notes be equally advantageous to them as a robbery of guineas?—It would be equally advantageous, but travellers carry the notes concealed about their persons so easily; they could not carry a bag of gold concealed in the same manner.

How does a drover, who goes with a great deal of money to the distant Highland markets, carry his money?—He carries it about his person.

Has he not slip pockets, so that he can carry it in his dress?—Yes.

To what amount may one of those drovers furnish himself with money in bank notes?—Sometimes to the amount of several thousand pounds.

Does he carry those thousand pounds about his own person?—Yes.

Could he carry so many thousand sovereigns?—No, he could not.

What price does he pay for his cattle in those countries?—He buys them generally, from the different farmers, for 2*l.* or 3*l.* or 4*l.* each; they are sold at one and two years old; a Highland cow, we know, does not cost, even when it is four or five years old, more than that.

Could a drover carry on his business without furnishing himself with as great an amount of small currency, either in pound notes or in gold, as would be sufficient to make all his purchases in sums under 5*l.* or the greater part of them?—He must have the greater amount in small currency, with a very small proportion of five-pound notes; the proportion of five-pound notes we send to our Highland agencies is perhaps one five-pound note for every 100*l.* of small notes.

At present, many of those parts of the country are at considerable distances from any bank agencies?—Yes.

Is it the habit of the Highland drovers, not only to go to fairs and markets, where great quantities of cattle are collected, but to go about the country, and buy them singly from the different farmers?—Yes, it is their custom to go about the country, and buy them from the farmers.

Do they not go into remote places, where there are no banks near?—Into remote places, where there are no banks, no towns, and no population of any kind to give change.

You have said, that if the small-note system were abolished in Scotland, it would result in your withdrawing your distant branches?—I should think so.

Would not that place the remote parts of Scotland, where cattle are now bred, where kelp is produced, and where the herring fisheries are carried on, at an immense distance from any bank whatever?—At a very great distance.

Might not the withdrawing of those branches lead to the establishing of weak banks

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banks in their place?—Perhaps they might try it, but they could not give the same security to the public.

What amount of coin do you think would be necessary to supply the place of the small notes in Scotland?—With regard to that, I can hardly form any estimate; it would require a much greater amount than 1,800,000 *l.* because a great part of the deposits would be withdrawn, and would be locked up in chests of the people. The convenience arising from banks receiving small payments induces people, when they have 5 *l.* or 10 *l.* or 20 *l.* at three o'clock in the afternoon, to send all the money they have by them directly to the bank; but if we were to make any charge, either by commission upon the cash account, or by reducing the rate of interest upon deposits, they would not have the same inducement to make those lodgments.

Do you think it would require two millions and a half of coin to supply the place of the small-note circulation?—My own opinion is that we could not do with less than four or five millions of sovereigns to supply the place of 1,800,000 *l.* of small notes.

Do you suppose that a reduction of the rate of interest upon deposits from four per cent to three, would have the effect of making persons prefer keeping their money in their own custody, yielding them no interest, rather than place it in the hands of their bankers, yielding them three per cent interest?—All the consequences of it together would have that effect; because if we withdrew our agencies from those distant parts, it would make it so very inconvenient for the people to come to a distance to make those lodgments, that any interest they could get would not pay them for their trouble and expense.

Then your observation only applies to the remote districts, and not to Greenock?—Yes.

You think that at Greenock the deposits would not be withdrawn?—Not entirely, but those are a very small proportion of our deposits.

Might not the effect of the proposed measure be, to induce the people to lodge the money that they kept in gold in the hands of individuals in the country who would undertake to pay them interest for it, but in whose hands it would not be so safe as in the banks?—I should think so.

Supposing the amount of coin wanted for the circulation was three millions, would not there be a loss to the country of the profit upon the whole of that sum of three millions, in consequence of applying it to the purposes of circulation?—Yes.

Then the public would lose the ordinary rate of profit in trade upon that sum?—Yes.

That is to say, so much would be subtracted from the present trade of the country?—Yes.

Would there not be a further loss from the expense that would be incurred in keeping up that stock?—Yes; we are at such a distance from London that we would be obliged to keep the greater proportion of our deposits in gold.

Would there not be a great annual loss upon the three millions that must be made good, by a great supply of capital withdrawn from industrious occupation?—Yes.

Assuming the profits of trade to be six per cent, will you state what the annual loss would be upon three millions?—It would be 180,000 *l.*

Do you think six per cent is too low a rate?—Yes.

Supposing that a fiftieth part of the three millions was wasted annually by wear or accident, and had to be supplied, what additional sum must be added to the 180,000 *l.* to show the total annual loss the public would sustain?—You would require to add the loss of capital upon the fiftieth part taken away.

Are the drovers you have mentioned, persons known in the district they resort to?—Yes, I suppose they are.

Is their occupation known?—I should think so.

It is known when they are travelling for what purpose they are going?—I should think so.

Then though they may carry their money concealed about with them, can they conceal the fact that they have money with them?—No, the supposition is that they have money with them.

Then in what respect would that money be more exposed to plunder, supposing it consisted of sovereigns carried in their pockets than of paper?—Because it would be quite impossible for a man to put a thousand or two thousand sovereigns in his pocket, and go about the country with it; he could not walk with that load, he could not ride with that load.

Could

Could not he ride with a thousand sovereigns?—The weight would be too great.

What do you suppose a thousand sovereigns to weigh?—

From what reasoning are you led to suppose that it would require so large a sum as four millions of sovereigns to supply the place of 1,800,000 one-pound notes?—I think a greater part of the deposits would be taken away, and either locked up in a chest, or lent to other people. The bank would have to supply those deposits in the first place. I also think a great part of the larger notes would be taken away from circulation, and from the circumstance of a reduction of the rate of interest, the people would not have the same temptation to bring back the money to the bank which they now have.

You have said, in the course of your examination, that a sum equal to the whole amount of your notes in circulation is frequently paid in a month or six weeks?—Yes.

Having paid the amount in a month or six weeks, if you had not re-issued your notes by further discounts, would you in that way have withdrawn your circulation?—Entirely.

As to the increase and decrease of circulation, you have said that it kept pace with the increase and decrease of prices; as the prices of grain and of cattle?—Yes.

That is to say, it is regulated by the amount of transactions that take place?—Yes.

Are you aware of any effects that have been produced in Scotland on the mode of carrying on the trade of banking by the agitation of this question?—Yes.

What effects have been produced by it?—We have already refused every application for cash credits.

Do you know of any instance in which you yourself have refused a cash credit?—Yes, several.

Under circumstances in which you would have given that cash credit immediately, if it had not been from the fear produced by the agitation of this question?—Yes, in every instance.

With reference to a question you have answered above, do you mean that you would have retired all the notes that you had issued in the course of a month or six weeks, if you stopped your issues by discounts and so on, or that you would have retired a sum equal to the whole?—We would have retired a sum equal to the whole.

You are then in a condition in the common course of your business, upon any occasion when you think it necessary, to retire the whole of your circulation within the space of six weeks?—Yes, certainly.

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Mr.
Roger Ayton.

(24 April.)

Mercurii, 26 die Aprilis, 1826.

Mr. Roger Ayton, again called in; and Examined.

DO you know whether any of the banks in Scotland have taken any steps to reduce the issues of their small notes since the question of the withdrawing of the small notes in Scotland has been under discussion?—We have done so ourselves; we have already refused all application for cash credits, and have given orders to restrict our issues as much as we possibly can in those districts.

Have you had many applications from different parties for new cash credits, within the last two months?—We have had several.

From what descriptions of persons did those chiefly come?—From distillers in Argyleshire, and in the Islands, and at Greenock.

Were they chiefly from persons connected with the distilleries?—Yes.

Have you heard any complaints made from those districts in which those persons live, of the inconvenience which they have suffered from the want of that accommodation?—They have not had time to experience it yet, it is only now that we begin to issue for that country; about the month of March our issues begin. I have heard that the price of cattle has fallen very much already in consequence.

Was there any thing in the nature of the business in which those persons were engaged, which made you hesitate to give them cash credits?—Nothing, the security was perfectly good, and we should have done it at once had it not been for the discussion of this question.

You have stated that you make your issues of notes to the Western Islands in the month of March; in what way are those issues made?—We send notes to our

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different agents at Inverary, Campbeltown and Rothsay; they issue them upon discounting bills.

Do you send your principal supplies of notes to them at any particular period of the year?—We send them every week as they are wanted, during the spring and summer months.

How do you explain the answer that you gave before, that you were only going to make your issues now?—The notes are required in March with the spring markets, and go on weekly. I have not been much in the country to understand whether they have suffered anything by it or not; I have been mostly here since that time.

Do you not issue notes to those districts during the winter?—Very little supply is required; in fact, the notes are returned in payment of rents; they make their purchases in the Highland districts, and hardly any business is transacted during the winter months. We keep a sufficient supply of notes to answer all the purposes at the agencies; but in the spring months, when the markets in the Highlands commence, those agencies come into greater operation, and they require constant supplies of money from us.

You have stated that the price of cattle has fallen considerably in Scotland in consequence of the limitation of the issues of small notes?—Since I have been here, I have seen a gentleman from the Highlands, who has stated so to me; it was not from my own personal knowledge, but from his statement of the fact that I mentioned it.

Can you give an example as to any cash credit which is kept with you, of the amount which has been drawn out upon credit of a certain sum in any particular time?—The operations are sometimes very numerous: in one instance in our bank there was a 500*l.* cash credit amount; the operations on which amounted to 35,000*l.* The transactions were so numerous that it required two or three sheets of paper to make out the account.

In what length of time?—In twelve months.

Do your notes circulate much in the Islands?—A good deal.

Do you know whether any fall of prices has taken place there, in consequence of the limitation of the issues of small notes?—What I can say is merely from information.

Is there sufficient silver in the Western Islands?—I have not been there myself.

Are you ever called upon to supply silver?—No, we are not called upon to supply silver, except a supply to the fish-curers when they go out.

Mr. Robert Paul, called in; and Examined.

Mr.
Robert Paul.

YOU are secretary to the Commercial Bank of Scotland?—I am.

How long have you been in that situation?—I have been secretary only about three years; but before that time I was accountant to the bank, and was so from the commencement of it.

So that you are well acquainted with the mode of transacting business in that bank?—I have some acquaintance with it.

The means that a bank in Scotland has of carrying on its business are its own capital, the sums deposited in its hands, and the paper currency which it is able to keep out in circulation, are they not?—Those are the means of a bank that issues notes.

The Committee are informed, that it is the custom in Scotland of all the banks to give interest upon the sums deposited in their hands, and that they receive sums in deposit of 10*l.* and upwards?—It is.

Of course, if the paper currency were abolished, that amount would be deducted from the means possessed by the bank of carrying on its business, and its loss would be the loss of the profit it would derive from those means, and also the expense that might be entailed upon it by the substitution of a gold currency?—That would be the loss of direct profit arising from the circulation of notes, and the actual expense we would also have to bear by the substitution of a gold for a paper currency.

Supposing the sum in circulation in small notes in Scotland to amount to about 1,800,000*l.* and that you were compelled to supply the place of that sum by 1,800,000 sovereigns, would you not require to be possessed of a greater quantity than those 1,800,000 sovereigns, in order to carry on your business?—At present, we are required to be possessed of a considerably greater amount of notes than what are actually in circulation; and I imagine we would require to be possessed even of a larger proportion of gold than we are at present of notes.

Will

Will you have the goodness to explain to the Committee in what way you think that larger supply would be rendered necessary?—I think a paper circulation is much more economical than a metallic one; that paper can effect what gold cannot; and that we should require for the general circulation of the country a much larger amount of gold than we at present require in small notes.

Why do you think so?—It has been found, as I have before stated, that paper can effect what gold cannot; that it is a more economical form of currency. If the question is put upon the supposition of a gold currency being substituted for a small-note one, then I must put the answer on the supposition, that, in that case, the banks would not give the present rate of interest upon deposits; and if so, there would be a much greater amount of currency in the hands of the community at large than when the banks gave interest. That is one reason.

The giving of interest by the banks is an inducement, therefore, to persons who hold notes to carry instantly to their bankers whatever sum they can spare?—Unquestionably, the giving of interest upon deposits is an inducement to every person, that has any surplus money in his hands, to place it in the hands of his banker; and in the same way in the case of cash accounts, every payment by the holder of a cash account into the bank, either diminishes the interest he has to pay to the bank, or, if the account should turn in his favour, enables him to get interest from the bank, and that is a great inducement for every person to pay in daily into his bankers hands all the money which he does not require for the purposes of his business.

What effect do you think would be produced on the amount of interest allowed by the banks on deposit accounts, by a measure which should abolish the issue of small notes in Scotland?—What the exact diminution might be I cannot say; nor, whether interest would be allowed at all. I think a very considerable diminution must be made from the present rate.

Are you of opinion that the banks could not afford to give any thing like the present rate of interest on deposit accounts, if they were deprived of the profit of issuing their small notes, and exposed to the expense of substituting a gold currency?—Yes, I am.

Is the interest at present given upon deposits regulated by the amount of the market-rate of interest at the time?—Yes, it is.

Do you think that deposits would continue to be made with the banks, or allowed to remain in their hands, at a rate of interest bearing a much less proportion than the rate at present given bears to the market-rate of interest?—I am of opinion, that in that case a very considerable portion of our present deposits would be withdrawn.

The Committee understand that the deposits in the Scotch banks may be divided into two classes, larger sums deposited by capitalists, and smaller sums from 10*l.* to 100*l.* and 200*l.* pounds, deposited by persons making small savings?—The deposit accounts consist of two branches. There is what is called the running account of the merchants or retail dealers, and also of the capitalists, where they draw out and pay in from day to day, as their business requires. Then there is what we call the deposit-receipt; this form of receipt is given to persons for much smaller sums, from 10*l.* and upwards; and those are commonly the savings of the industry of the depositors, they are in general sums of money which they do not immediately require, and they remain very steadily in the bankers hands, and are from time to time accumulating.

Do you pay interest on running accounts?—Yes, on every sum of money in our hands.

At what rate per cent?—At present, at the rate of four per cent.

That is one per cent below the market-rate of interest?—Yes.

When you reduced the interest you allowed upon the deposit accounts lately, did you not find yourselves compelled to raise it again, when the market-rate of interest varied?—It fell and rose with the market-rate of interest.

Is not the inducement to make the small deposits upon receipts which you have spoken of, the power of obtaining interest, with good security from the banks, on sums, so small, that it would be difficult to obtain interest upon them with good security elsewhere?—Yes.

Which of those sorts of deposits, is it your opinion, would be first affected in the way of withdrawing them from the bank, by disallowing the present rate of interest, or diminishing it materially?—The larger sums.

Then, if the banks were to endeavour to remunerate themselves for the profit they would lose by the sacrifice of their circulation, by lowering the interest upon deposits, the whole or the greater part of that would be imposed upon the smaller

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deposits?—The loss would, in that event, fall upon all those whose money was continued in our hands.

Is it your opinion, that those would chiefly consist of the smaller depositors, upon the receipts you have mentioned?—I do think so.

Have you had any opportunities of witnessing the habits of the labouring classes of the people of Scotland, and can you speak to the utility of those deposits to them?—I have had many opportunities, both professionally, and in various situations in which I have been placed, of observing the effect of these deposits, and I do think that the system of the Scotch banks allowing the rate of interest which they have done upon those small deposits, has influenced very considerably the moral character and condition of the people of Scotland.

What proportion do you think those small deposits bear to the whole amount of the deposits?—I should think fully one half.

The Committee has been informed, that the amount of the whole deposits may be taken at about twenty millions; is that your opinion?—I should think it may be about that sum.

Then you think that about ten millions of those deposits consist of the small savings of the industrious classes of the community?—Fully ten millions.

How long has this system existed in Scotland, of granting interest upon those small deposits?—I suppose it has existed since the present system of banking in Scotland was established, which is more than a century since.

Are there many savings banks now established in Scotland?—There are.

How long have they existed?—They have existed only a few years.

To what amount do they receive the contributions of the labouring classes?—The savings banks will receive 1s. from any person, and the moment that his deposit has accumulated to 10l., then it is paid into one of the banks in the name of the person: the savings banks do not take more than 10l. from any individual.

Do not the banks allow a higher rate of interest on deposits made with them by the savings banks than on any other class of deposits?—In our bank the general rule is, that, upon all accounts of parish banks and savings banks, one half per cent more is allowed than is generally given.

Is not that with the understanding, that when the amount of money deposited by any individual in the savings bank exceeds a certain sum, it is to be lodged with the bank upon the usual rate of interest?—It is understood to be the rule of all savings banks, that they do not take more than 10l.

While the sums are in the hands of the savings banks, they are deposited by the savings banks with the public banks, are they not?—They are.

Which deposits, in the name of the savings banks, being to a greater amount than 10l., bear interest with the banks in which they are deposited in favour of the savings banks?—For the general funds of the savings banks there is an account opened in their names with a public bank.

And they pay in more than 10l. and get interest upon it?—They pay in the whole balance of the receipts and payments of the day.

When a savings bank pays a sum into a public bank, amounting to 10l., is that entered in the name of the savings bank, or in the name of the depositors in the savings bank?—In the name of the savings bank: the method is this; I will take for example the savings bank at Edinburgh; the managers meet every Monday morning at the different branches, and they keep their general account with Sir William Forbes & Company; they pay in the whole balance of the day into that banking house, in the name of the savings bank. The general balance of the account consists, however, of parts, each of which is under 10l.; they receive interest upon the daily balance of their account with the bankers; the individual depositors, whenever the sum in the hands of the savings bank belonging to them amounts to 10l., receive Sir William Forbes & Company's receipt for the 10l.; it is taken out of the account of the savings bank and placed, as a distinct deposit, in the hands of Sir William Forbes & Company.

Then the savings banks may be considered as an extension of the system formerly pursued by the public banks?—They are just an extension or subdivision of the deposit part of the banking system of Scotland, and I have some idea that they may have grown out of it. They deal in shillings and we in pounds.

After having received 10l., do you receive any smaller sum to be added to that from the same individual?—We receive 1l. or 2l.; we give a new receipt including every fresh deposit.

Have you known many instances of persons in the lower classes of life, servants and

and others, who have come to you at your bank to make little additions to their savings?—I have known a great many instances of that kind. The ordinary way is this: there comes a man to-day to our counter with perhaps 20*l.*, he receives a receipt for it, and he comes back about the same time in the following year; he knows that there are 16*s.* of interest due to him; he may perhaps pay in four guineas and get a receipt for 25*l.*, he goes away again, and comes back the following year and makes another addition to it, and it accumulates in this way from year to year, and is seldom drawn out until the man, perhaps, has to build a cottage or buy a house; or perhaps he may himself begin business, or set out his oldest son in the world, or it may be, furnish a house for his daughter, at her marriage. And such a deposit in the bank is often laid up for old age, and in many instances, I have no doubt, has likewise been the means of enabling those in the humbler classes of society to give to their children what we, in Scotland, value above all the advantages of wealth—the benefits of an intellectual and religious education.

You speak this from your own experience of what has happened, and you believe that this is taking place in innumerable instances all over Scotland?—I have no doubt that such cases as I have mentioned have occurred very frequently throughout Scotland. I remember a poor servant, who at one time was almost in despair of finding any employment, but having by the friendship of some individuals obtained a good situation, she came back at the close of the year and gave me seven guineas to put in to the bank for her. And from year to year her deposit accumulated till it reached 35*l.*, when she married and furnished a house with it. I am acquainted with an individual, not certainly possessed of fortune, but who has a moderate income, with which he is satisfied, who gives every Saturday night to each of his children a shilling, which is deposited in a small earthen jar, which we know, in Scotland, by the name of "*The Penny Pig*," and those shillings whenever they amount to 10*l.* were put into the bank. Every six months the little fund arising from the Saturday's shillings is added to the receipt in the bank, and the person calculates, going on at this rate, that before his children are 21 years of age, he will thus, without any sensible loss to himself, have secured to each of them about 100*l.*

Is that owing so much to any particular system of banking in Scotland, as to the general wise intention of saving money where a man can?—There is no doubt a stimulus given to such a practice by receiving four per cent interest, which at the end will be found to form no small part of the accumulated sum.

That would be the same in any place at any bank where a regular interest is paid upon deposits?—Where the same rate of interest was paid; but I mention this as a mere example to show the manners of the country, and what my general impression is as to the tendency of the system, and its practical effects in promoting frugal, economical, sober and provident habits in the people.

You have spoken of the advantages afforded by this system, by the encouragement of industry; is there not an advantage to the public from the gathering of those small capitals together, forming part of the deposits of the bank, and so being lent out again in large sums like other capital, for the purpose of being applied to increase the power of productive industry?—The Scotch banks form a sort of reservoir for receiving the small sums of capital scattered throughout the community, and then sending them forth into the channels of trade, so as to promote the commerce, manufactures and agriculture of the country.

The Committee understand that the Scotch banks are in the habit of granting cash accounts, upon the security of two persons, and sometimes of one person, for the accommodation of people in business?—The cash accounts form a very important part of the system of the Scotch banks.

What do you think is the advantage the public derive from those cash accounts, in the mode in which they are carried on?—The original principle upon which cash accounts were granted was this—not to furnish a capital, but to assist persons of small capital, to provide them with the means of obtaining what money is necessary for meeting the smaller payments that occur in the course of their business.

Can you exhibit any form of one of those cash accounts, showing the mode in which the interest is stated upon them?—I have here a Schedule of the interest calculation on a cash account, to the amount of 400*l.* for one month.

[*The same was delivered in, and is as follows:*]

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Mr.
Robert Paul.

A. B. Merchant in Edinburgh, Cash Account per 400 l.

(x6 April.)

1826:		£.	s.	d.		Days.		s.	d.	£.	s.	d.
Jan. 2.	D ^r	100	-	-	-	1	-	-	3	-	-	-
- 3.	D ^r	50	-	-	-							
- 4.	D ^r	150	-	-	-	1	-	-	5	-	-	-
- 5.	C ^r	20	-	-	-							
- 6.	D ^r	130	-	-	-	1	-	-	4	-	-	-
- 7.	C ^r	65	-	-	-							
- 8.	D ^r	65	-	-	-	1	-	-	2	-	-	-
- 9.	D ^r	285	-	-	-							
- 10.	D ^r	350	-	-	-	1	-	-	11	-	-	-
- 11.	D ^r	50	-	-	-							
- 12.	D ^r	400	-	-	-	1	-	-	1	1	-	-
- 13.	C ^r	15	-	-	-							
- 14.	D ^r	385	-	-	-	1	-	-	1	-	-	-
- 15.	C ^r	22	-	-	-							
- 16.	D ^r	363	-	-	-	1	-	-	11	-	-	-
- 17.	C ^r	12	-	-	-							
- 18.	D ^r	351	-	-	-	1	-	-	11	-	-	-
- 19.	C ^r	41	-	-	-							
- 20.	D ^r	310	-	-	-	1	-	-	10	-	-	-
- 21.	C ^r	400	-	-	-							
- 22.	C ^r	90	-	-	-	1	-	-	-	-	-	2
- 23.	C ^r	65	-	-	-							
- 24.	C ^r	155	-	-	-	1	-	-	-	-	-	4
- 25.	C ^r	25	-	-	-							
- 26.	C ^r	180	-	-	-	1	-	-	-	-	-	5
- 27.	D ^r	500	-	-	-							
- 28.	D ^r	320	-	-	-							
- 29.	D ^r	40	-	-	-							
- 30.	D ^r	360	-	-	-	1	-	-	1	-	-	-
- 31.	D ^r	18	-	-	-							
- 32.	D ^r	378	-	-	-	2	-	-	2	-	-	-
- 33.	C ^r	28	-	-	-							
- 34.	D ^r	350	-	-	-	1	-	-	11	-	-	-
- 35.	D ^r	20	-	-	-							
- 36.	D ^r	370	-	-	-	2	-	-	2	-	-	-
- 37.	C ^r	60	-	-	-							
- 38.	D ^r	310	-	-	-	1	-	-	10	-	-	-
- 39.	C ^r	10	-	-	-							
- 40.	D ^r	300	-	-	-	1	-	-	10	-	-	-
- 41.	C ^r	345	-	-	-							
- 42.	C ^r	45	-	-	-	1	-	-	-	-	-	1
- 43.	C ^r	22	-	-	-							
- 44.	C ^r	67	-	-	-	1	-	-	-	-	-	2
- 45.	D ^r	100	-	-	-							
- 46.	D ^r	33	-	-	-	1	-	-	1	-	-	-
- 47.	D ^r	285	-	-	-							

1826 :		£. s. d.		Days.		s. d.	£. s. d.
Jan. 28.	D ^r	318 - -	- - -	2	-	1 9	- - -
	D ^r	20 - -	- - -				
- 30.	D ^r	338 - -	- - -	2	- -	1 10	- - -
	C ^r	158 - -	- - -				
- 31.	D ^r	180 - -	- - -	1	- -	1 -	- - -
	D ^r	120 - -	- - -				
Interest -	D ^r	300 - -	days 29		Int. 5 p ^r c ^t	19 1	- 1 2
	D ^r	- 17 11			Int. 4 p ^r c ^t	1 2	
	D ^r	300 17 11				17 11	

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Note.—There is a shorter method in practice with the banks, but it is the same in principle with this, which is the more obvious and intelligible form of making up the interest account.

May that be considered as a fair specimen of the mode in which a cash account of that nature is carried on, and a probable account of the operations for the time upon a credit of that extent?—I consider it as a fair specimen of a cash account, well operated upon during the currency of one month.

What are the facilities that exist in obtaining this sort of advantage, compared with those of obtaining an ordinary loan?—When a person applies for a cash account, which is not an immediate advance of money on the part of the bank, but a conferring of the power or privilege of drawing upon the bank to the extent specified, the person proposes two or more personal sureties: a bond is made out, and he draws as occasion requires. In this way, he has never more from the bank than is absolutely necessary for the purposes of his business. The account is never recalled, unless it has ceased to be beneficial to the bank, by having been but little operated upon, and thus not having promoted the circulation of the bank's notes. Whenever it becomes a dead advance, the bank calls it up. In the case of a person obtaining a loan, he would probably, in the first place, have to pay the interest down at once; he would have to pay it upon the whole sum, whether he should require it ultimately or not, and it would be liable to be recalled by the lender at his pleasure.

What is the expense of a bond for a cash account?—It depends upon the sum. Upon a cash account for 500*l.* the cost originally of the stamp is 4*l.* and there is a small charge for writing it. That is the whole expense of obtaining such a cash account.

The total expense is the stamp, and the expense of writing out the instrument?—A cash account for 500*l.* will cost somewhat above 6*l.* We in general charge half a guinea per cent for writing the bond.

Is that considerably less than the expense of borrowing 400*l.* would be by way of an ordinary bond?—Much less; the expense of any other kind of bond, would be much greater than that.

In that case you have a solicitor to employ to obtain the loan, and his charges to pay?—The borrower would be involved in that expense.

What would be the expense of discounting a bill for 500*l.* at twelve months?—In discounting bills, there is no expense beyond the stamp; but in the case supposed, we should not discount a bill at twelve months for 500*l.* generally speaking.

Supposing that the system of cash credits could not be carried on after the small-note circulation was withdrawn, would the banks object to discount a bill to an individual, of whose solvency they were satisfied, at a long date, with an understanding that he should pay the proceeds of that bill into the bank, and draw the money out as his occasions might require?—No person would do that, for he would be subject to a loss. Supposing the small-note circulation to be withdrawn, he then could not get interest as he now does upon the balance that he paid in, he would have to pay a discount, at the beginning of the transaction, upon the bill, and would be involved in an expense which would go greatly to prevent such applications.

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Is it your opinion that the banks would not allow interest upon money deposited with them, if the small-note circulation were withdrawn?—Not at the present rate.

You calculate that the total amount of deposits at a loose calculation, in the hands of the Scotch banks, may be considered as twenty millions?—Yes.

Upon which it is the general practice to allow four per cent.?—Yes.

Then 800,000 *l.* may be considered as the interest paid upon the amount of deposits in the hands of the Scotch banks?—Yes.

Supposing the Scotch banks generally should say, we cannot afford to pay four per cent, we will hereafter pay three and a half per cent, making 700,000 *l.* annually, instead of 800,000 *l.*; what effect do you think that would have upon the great mass of deposits?—I cannot venture upon an answer to the question: the effect supposed could not exist probably by itself. I am of opinion that the withdrawing of the small-note circulation, would so materially derange the whole system as it at present exists, that I am unable to forecast the state of things which might arise, and therefore cannot suppose that the only effect of the change would be, the diminution of any particular amount of interest upon the deposits.

The Committee only want you to inform them what you think would be the effect of a reduction of a half per cent interest upon the amount of deposits in the hands of the Scotch banks; do you think it would reduce very materially the amount of deposits made with the Scotch banks?—I do.

In what way would a sum withdrawn from one of the Scotch banks be applied by the party to whom it belonged?—It might be applied in various ways. One effect of the change might be this: those accustomed to receive four per cent for their money, being anxious still to have the enjoyments to which they have been accustomed, might seek to invest it in a manner far less secure, and betake themselves, perhaps, to many modes of investment, with a view of keeping up their income, which might be very hazardous and precarious.

You think it likely they would employ it in trade and in other speculations, rather than keep it as a deposit in the hands of the Scotch banks?—I think that many would.

Might not the employment of capital in that manner in the extension of trade be very useful to the country generally?—I do not think it could be so useful when issued in that way, as when issued by the banks.

Why not?—Because it is the proper business of the banker to seek out for the best opportunities for employing his capital, and individual holders of capital cannot have the same opportunities that he has.

Do not you think an individual holder of 500 *l.* is the best judge of the mode in which it can be best and most profitably applied?—He is, and therefore at present he puts it into a bank; but he might be more apt to err, if he were seeking to employ it in trade.

What sum per annum does the holder of 500 *l.* as a deposit with the bank, receive at four per cent?—Twenty-pounds.

Then in case the bank should reduce the interest paid to him from 20 *l.* to 17 *l.* 10 *s.*; do you think the difference of the 2 *l.* 10 *s.* received by that individual, would induce him to engage in rash and unprofitable speculations?—To a person whose whole fortune is 500 *l.*, 2 *l.* 10 *s.* a year is no doubt a very considerable object.

But is not it a great object to the same man not to lose his money by embarking in a rash speculation?—Certainly it is; but he might become the dupe of some person, who might prevail with him to give him the 500 *l.* in order to embark in some speculation, in the hope of making up the 20 *l.* which he had been accustomed to receive; or perhaps he might even expect more. It might open a wide door for the encouragement of many false hopes.

Do you find, practically, a great many dupes among those people in Scotland who trade on their own capital?—There are both dupers and dupes in Scotland, as well as everywhere else.

Are there not a vast number of persons in Scotland who trade in the same way in which English persons trade, namely, upon their own capital, without any reference to a bank, and who employ their funds in the extension of their own business if it can be profitably extended?—There are many such persons.

You said, that in your opinion, there would be a much greater circulation required if the small payments in Scotland were made through the medium of a gold currency, than is now required when those payments are made through the medium

medium of small notes ; what is your reason for coming to that conclusion ?—One reason I have already stated, the interest being reduced, there would be less inducement for persons to pay their cash into the hands of their bankers, and thus a greater amount would be always out of their hands. At present we issue a great many notes in the morning, which in the course of the day are employed in carrying on the transactions of business. They pass from hand to hand, and return to the bank again before the business closes.

Assuming that there are two millions of small notes in circulation in Scotland now, do you think that more than two millions of sovereigns would be requisite to be put in circulation to conduct the same business which is now conducted by the two millions of small notes ?—I do.

Why should not two millions of sovereigns do as much business as two millions of small notes ?—They do not pass so quickly from hand to hand, they are less easily transmissible.

You think persons would retain in their hands the sovereigns, whereas they do not now retain the notes ?—No ; they might not in every case retain them.

Supposing you gave notice that you would give a person who lodged five sovereigns with you three and a half per cent, why should that person prefer retaining his sovereigns in his own hands, where they were producing nothing, to taking three and a half per cent from you for the use of them ?—Probably, if we gave three and a half per cent he would place them in our hands ; but I find that I am speaking about a state of things of which we have no experience, and how matters might be adjusted I cannot attempt to foretell. A gold circulation in Scotland is a thing so completely alien to all our habits and experience that it is almost impossible, with any precision, or in a satisfactory way, to state to the Committee all the variety of effects which might arise, or what the consequences would be in any particular respect.

Do you think there is any disposition to hoard gold in Scotland ?—Quite the contrary hitherto, but that has been under a note circulation.

Might they not have gold now if they pleased ?—Yes.

But they show no disposition to acquire it ?—They show the greatest disposition to get quit of it when it comes into their hands.

Therefore there is no probability that, when gold should constitute the basis of the currency, any man would prefer keeping twenty sovereigns in an unproductive state rather than to get three and a half per cent for them, if three and a half per cent might be had ?—Be it so. I have been much struck with what I believe to be a fact, and which I mention here only as an illustration of the superior power of a paper over a metallic currency : I think it must be admitted, that, in the year 1792, the general trade of this country, and all the transactions arising out of it, were not nearly one half of what they were in the year 1819. In the former year the circulation of Great Britain was partly paper and partly gold : in the latter year it was entirely paper. It is calculated that, *in both cases*, the total circulation of the country amounted to fifty millions ; which appears to prove, that fifty millions of currency, consisting partly of paper and partly of gold, can effect a great deal more than fifty millions of currency consisting entirely of gold. Another fact has struck me much in thinking upon this subject ; but I state these things with the greatest humility and deference, and mention them as illustrations of the opinion I have given, and which have occurred to me in the course of my reading. It has been supposed, that in France, before the revolution, there were a hundred millions of money in circulation, consisting entirely of metal, and that there was *just about the same amount* circulating throughout England, a very great part of which was in paper ; yet surely the transactions of England, arising out of its extended commerce and trade, must have been much more than those of France ; at least, I should humbly think so.

The question the Committee are discussing is not whether they should put an end to paper circulation, but whether they should substitute sovereigns for that portion of the paper circulation which amounts to less than 5*l*. You have a branch at Tain have not you ?—We have.

And at Tain small notes are issued ?—By far the greater part of the notes issued at the Tain branch consists of small notes.

Do not you conceive the business of Tain might be done, retaining the paper circulation above 5*l*., but substituting sovereigns for the paper circulation below 5*l*. ?—We could not maintain our Tain branch. I can reason only upon what I think

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is the inevitable consequence of the change—the suppression of such branches as that at Tain.

Supposing you put Tain for the future on the footing on which Liverpool is a present?—I know nothing of Liverpool. I do not know any thing experimentally of the state of things throughout England.

Supposing a law is passed prohibiting the circulation of notes below 5 *l.* in England, and compelling bankers in England to make all their small payments below 5 *l.* in sovereigns, what security is there that the circulation of the northern counties in England will not be supplied by the Scotch notes?—Both the bankers and the community at large in the north of England have it always in their power to refuse them.

So have the community at large the power to refuse notes in Scotland, have they not?—Yes, but they form the common currency of Scotland.

But supposing the people chose to take the Scotch notes, is there any thing to prevent the establishment, by the Commercial Bank of Edinburgh, of a branch in Northumberland?—I believe the late act has made some change in that respect.

There was nothing to prohibit you from establishing a bank in Northumberland, was there?—We always understood that there was: that no bank, having more than six partners, could establish themselves in England; and in point of fact, there is no Scotch bank that has a branch in England.

Not even if the branch consisted of five persons?—There is no such thing as a branch consisting of five persons.

Was it never discussed at the Commercial Bank, the having an agent at Newcastle?—No, we never entertained an idea that we could establish a branch in any part of England.

Do your notes circulate in England?—I have no doubt that they do; the truth is, the people in the north of England are rather fond of them; they consider them a very solid and substantial sort of currency.

Being a less expensive medium of circulation they prefer them?—They do.

Do not you think that they would prefer them still more when they could get no small notes of their own?—Yes; but the legislature could prevent that at once by not making them a legal tender in England.

They are not a legal tender now; do you mean by making it illegal to take them if the people chose to take them?—The legislature could certainly devise some means, if they thought it expedient, of preventing the issue of Scotch notes in England.

Does any mode occur to you by which you could prevent parties who are willing to take them, from the taking them in the course of their transactions?—I am not legislator enough for that.

You attribute the moral and intellectual improvement of the people of Scotland in a considerable degree to the establishment of branch banks, and the facilities which are given to parties to make deposits of small sums with the banks?—Indeed I do.

What is the most northern branch that you have?—Thurso.

Is that the most northern branch bank in Scotland at present?—I believe it is.

Is there any branch in the Western Islands?—None.

Then the people there have no means of lodging small sums by way of deposit in the banks?—There is a constant intercourse between the Hebrides and the west-coast of the main land.

Do you mean that a small farmer, or a servant in the Western Islands, having saved 10 *l.*, has the means of lodging that in a bank, and receiving interest upon the deposit?—He may always find some opportunity of getting it conveyed either to Greenock, Glasgow or Inverness once a year.

Do they in point of fact make deposits with the banks?—In point of fact they do so; if there are fewer deposits from that part of Scotland than from any other it is probably because there is less wealth there.

In point of fact those people in Mull and in Sky who have saved money have an opportunity of lodging it in some branch bank?—They have an opportunity of doing it certainly. There is such a constant intercourse between the island of Sky and the Clyde, or Inverness.

Do you know any thing of the silver circulation of the Western Islands?—I do not.

For all payments under 10 *l.* do not the savings banks afford the same facility of deposit

deposit that the banking establishments do?—For all the small payments. I have said that they take shillings.

Are there any savings banks established in the Hebrides?—I do not know.

You say you have branches at Tain and at Thurso; you are probably acquainted with the nature of the transactions that take place in those districts generally?—I shall mention one description of business in the county of Caithness, which is transacted by our agent at Thurso. There are in that quarter several native drovers, who purchase the black cattle of the country, which they pay for in small notes to the country people on delivery of their cattle, and this enables the farmer to pay his rent and other expenses in due time; now I imagine that if the branches were withdrawn there would be an end to this system, for the farmers would not very readily give the drovers credit in the purchase of their cattle, and they would be dependent for sales on such drovers as would choose to come so far north, who would give them but low prices from want of competition; and I think that few would run the risk of going to Caithness with bags of gold to purchase cattle. I may mention also as to the district of Thurso, that there are seven licensed distillers there: in those distilleries there are about 4,750 barrels of beer consumed, and the price may be stated at about 6,000 £ and the charges of fuel, wages, &c. are about 3,000 £, making 9,000 £ of total out-lay, exclusive of the duties; and it is only the revenue that is paid in notes of 5 £ and upwards. We have also a branch at Wick in the same county, which is one of the principal fishing stations; we have only had the experience of one fishing season, but if the Committee wish it I can state from a document I have here the nature of the transactions that took place in the course of the last year:—

The herring fishery is carried on at Wick and its neighbourhood to a much greater extent than in any other place in Great Britain. It gives employment to 14,020 individuals, who are solely occupied in that branch of business during the fishing season, and classed in the following manner, as taken from a book kept last year for information on fishery matters: There are 4,879 fishermen, or boatmen; 4,700 seamen, partly curing herrings on board of the vessels in the harbour; 522 coopers; 350 labourers, and 181 fish-curers; and 3,388 women employed in gutting and salting the herrings.

Of the persons employed in the herring fishery, about one half of the fishermen, or 2,400 men, come from Buckie, Avoch, Fisher Row, Orkneys, West Highlands, and some other places in the Murray Firth, and Firth of Forth: of the women, 860 come generally from the places the fishermen do, particularly Buckie, Avoch, West Highlands and Orkney, and the whole or nearly so of the seamen come from the several parts whence the vessels they sail on belong to, being partly Irish, English, French and Dutch; but the greater proportion belong to Scotland. Thus about 7,960, out of 14,020 persons employed here last year, came hither from other places; speaking generally, the fisheries furnish employment to about 7,000 natives, and as many individuals from other places.

There were last year employed here and its neighbourhood 1,068 boats, the whole of which were manned by natives and belonged to the country, except 410, which, with their crews, repaired from the places stated above; on the whole, the average may be struck very nearly at two-thirds of the boats employed being Caithness, and one-third from other places. The boats are manned according to their size, some of the smallest class four men, others five, and the largest six. It may be noticed that the boats from other places have a crew of five and six men.

Each boat is generally divided amongst her crew into shares, the fishermen are thus almost all individually more or less proprietors, and the herrings they catch are delivered to a curer by previous contract, at a fixed rate per crane or barrel, with a sum in name of bounty. The fishermen in very few instances cure their own fish, and sell them on their own account, the general practice being as above stated.

The average number of cranes one boat from the south may catch, may be taken at 350, the value of which when divided among the crew, may leave 35 £ to each, besides other perquisites, on deducting the expense of living, &c. I consider that 25 £ is a very moderate allowance of clear profit to each south country fisherman, who is an owner or shareholder of a boat. As to Caithness boats, I may state the profit at 20 £ of a shareholder; it may be remarked that there are many persons employed as fishermen who are not boat proprietors, and are fixed at a certain rate for the season. In successful seasons, such of the boat proprietors as adopt this place are considerable gainers.

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The average sum which a south country fisherman may be supposed to carry away with him is stated at 25*l.* but many instances have occurred in successful seasons, and even last year, of a crew earning no less than 350*l.* which would leave 300*l.* to be carried out of the country. The strange fishermen almost invariably carry home their earnings in bank-notes.

The circulation at this season in question is augmented to a degree totally beyond what a district situated so far north might be supposed to require. Buyers and curers resort from all parts, and pay for the herrings they purchase in ready money. Freights of salt are another principal means of doing so, but the sums circulated in this period chiefly arise from the payments made by the regular curers to the fishermen and others employed; on a fair mode of calculation, it may be estimated that 140,000*l.* is put in circulation by the payments made to the fishermen, coopers, &c.

The small notes are almost the only medium used in the circulation in this district. The reason is obvious, because the smallness of their value throws them into the hands of all classes, and as the fishers, coopers, women and others employed, are poor, the requisition of large notes by them seldom takes place.

Another matter of experience may be adverted to; it frequently happens that foreign vessels, coming here to buy or cure herrings, tender gold in payment. The fishermen, who are ignorant and illiterate, invariably refuse to take it, no doubt in dread of imposition from bad and counterfeit metal, and always ask for bank-notes for their herrings. It even occurred last year, that many of the strangers carried gold with them, which they were obliged to get exchanged for notes, *as those having bank-notes could purchase herrings at 1*s.* and 2*s.* per barrel cheaper than those having gold.*

Last fishing season was one of the most productive ever known in this quarter, not fewer than 180,588 barrels of herrings were cured at Wick, and around the coast as far as Dunbeath, a distance of about twenty miles, as taken from the fishery books; 20,000 tons of salt imported, and upwards of 60,000 tons of shipping employed during at least one half of the year in that trade, namely, the fishing.

Is that statement made from your own knowledge?—This is a report from our agent at Wick. We were anxious to know after the experience of one season the general result. The leading fact established by this document, with respect to last year, is, that at Wick alone it is estimated that 140,000*l.* was put into circulation by payments made to the fishermen and coopers, and that the small notes are almost the only ones used for that purpose.

Do you mean that there was the sum of 140,000*l.* actually outstanding at one time, or that there were payments backwards and forwards to that amount?—Not that there was that amount outstanding at one time.

Do you anticipate, in the event of the substitution of a gold currency in the country, that the gold would have a constant tendency to leave the country, and that you would have to pay the expense of its transmission?—The great teacher, Experience, has shown us that there is a constant return of our money to headquarters. There seems to be some principle or other which uniformly operates to create a determination of money to Edinburgh from the distant parts of Scotland, and from Scotland to London; hence we have to feed our branches constantly with notes, even in those places where local exchanges amongst the banks are established; this necessarily brings a great many notes into the hands of our agent, but even to these places we have uniformly to send fresh supplies of notes.

You were asked with regard to the power of a given quantity of gold to perform the same operations with the same amount of paper, whether you thought that people would keep their sovereigns in their pockets instead of depositing them with you, if you gave them three and a half per cent upon the deposit of them. If you were to give the same rate of interest upon the deposit of sovereigns that you now give upon the deposit of notes, the Committee presume that the quickness with which the sovereigns would return upon you in the shape of deposits, would be equal to that with which the notes return upon you?—There might be some difference, because the transmission of gold is a very different thing from the transmission of notes. A person residing twenty miles from Edinburgh, coming into possession of a quantity of sovereigns, would not so easily send them into his account in Edinburgh as the same amount of notes.

But persons in Edinburgh would pay sovereigns in as freely as they do notes, if they got the same rate of interest for them?—Probably they might.

But

But if they did not get the same rate of interest, you are of opinion that they would not return them as quickly?—No.

If they got no interest at all, would they return them as quickly?—Certainly not.

To return to the subject of cash accounts, is the Committee right in understanding that the class of persons who usually obtain cash accounts, are the smaller traders and persons who set up with a small capital?—Yes.

Is it found that those persons can obtain two of their friends to become security for them in a cash account, when they could not obtain two of their friends to become security for a loan, which might be recalled at the option of the lender?—I have no doubt of it.

Is it the custom of the banks to recal their cash accounts, if the cash account is operated upon by an industrious tradesman so as to benefit the bank?—In the case supposed they are never recalled.

The banks have the power of recalling them?—They have the power, but in point of fact they are not recalled so long as the sureties remain solvent, and the person in whose name the account is held is conducting his business and operating on his account in such a way as to make it beneficial to the bank.

When a cash account is applied for, does the bank always make inquiry as to the nature of the business that is to be carried on with it, and the amount which will be necessary for carrying on that business?—There is nothing that we are more jealous of than the granting of cash accounts, and when an application is made, the most strict inquiry is instituted as to the character, habits and business of the applicant, and especially the means which he has of promoting the circulation of the bank-notes, and our small notes more particularly.

If a person is carrying on a manufacture or a trade, or the business of agriculture, and applies for a cash account, is it the practice of the bank to inquire to what extent he will probably require to operate upon that account in his ordinary business; and if he asks for a larger cash account than they think necessary for his ordinary business, is it their practice to reduce it, and to grant it for a less amount?—I have known many instances in which an application for a cash account was made, and where the applicant was refused the amount asked for, because it did not appear to the bank that he could beneficially employ the account to that extent.

Do you mean beneficial to the bank?—Beneficially to the bank, and beneficially also to himself; for a cash account will never be beneficial to the bank unless it is beneficial to the holder of it.

How often in the year does the bank usually think that a cash account, to be profitable to them, ought to be turned over?—I would say, that no cash account is at all well operated upon, unless at the close of it the amount of the transactions on each side is at the very least five times the amount of the grant; and in many instances the transactions are in a far higher proportion than that.

Within what period?—In the course of a year.

If a cash account is operated upon much less frequently than the first number of times you have stated, is it the habit of the banks to recall such cash accounts?—If the operations upon the account become unfrequent, we first give the holder a hint; and when it becomes altogether stagnant, and continues so for any length of time, we intimate to him that at a fixed period, probably at the following term, whatever it may be, he must pay it up unless he can begin again to render it operative and useful.

Is the bank compelled to this course of conduct by a due attention to its own interest?—Certainly.

Do you consider the class of persons who have the greater part of those cash accounts in Scotland, to be a class that are of considerable importance in considering the productive industry of the country?—I do.

To what number do those cash accounts, in your opinion, amount all over Scotland?—The only calculation that I have made upon that point leads me to think that there may be from ten to twelve thousand cash accounts throughout Scotland;

To what sums do they extend; what is the lowest and what is the highest sum?—I have known a cash account for 50 £; in our bank we have very few cash accounts above 1,000 £; but there may be cash accounts of large manufacturers, and persons engaged in extensive concerns, to a greater amount.

You have said that the greater number of accounts are smaller accounts, held by persons of small capital; what proportion do you think there are of 500 £. and under?—By far the greater number of cash accounts are under 500 £.

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How much do you think the amount of capital that is thus rendered available to the productive industry of the country, by means of cash accounts, may be estimated at?—Taking the average of the cash accounts at 500 *l.* which, however, is not a correct average with regard to the numerical amount of the cash accounts, for I have already said that by far the greater number are for sums under 500 *l.*, but if we suppose the average on the whole to be 500 *l.*, and that there are twelve thousand of them, that is six millions.

Do you think that six millions is above the sum that is available?—No, I do not think it is above it.

Of that six millions how much do you think is actually drawn out at any one time upon the average?—Upon the average two thirds of it.

About four millions?—Yes.

Can those cash accounts be by possibility rendered the instruments of over-trading or excessive speculation?—I do not think they can, for two reasons; in the first place, they are chiefly for small sums; and in the second place, there is such a constant return to the bank of the money, and such repeated operations upon the accounts, that they would not subserve the purposes of over-trading, which always requires a dead advance of money.

Are they not to be considered as the means of rendering vested capital, that is capital vested in houses or lands, or other fixed securities, to the amount of six millions, available for the purposes of productive industry by means of credit established upon the basis of that property?—Yes.

If the cash accounts were called up, you have stated that four millions is the sum that would be required to be paid by the country to the banks, which is now borrowed upon the credit of fixed capital?—Yes.

Supposing a law were now passed to abolish the circulation of small notes in Scotland, would that be attended with a recall of the cash accounts?—It would immediately, supposing the abolition to take place now.

Supposing that a law were passed enacting the cessation of the small note currency within six years, what would be the effect upon the cash accounts?—I should think that the moment the law was passed the banks would set themselves to prepare for the state of things which should arise when it came to take effect, and we would begin immediately to call up our cash accounts, and in the course of the six years do it gradually, that at the end of that period this form of investment of our capital might be almost completely annihilated.

So that within six years, in that case, the country would be called upon for the repayment of four millions of money, vested in productive industry?—I should think so; and I may mention that, in point of fact, the prospect has taken effect in some degree already; for, since the beginning of February, we have suspended the consideration of by far the greater number of applications for cash accounts that have been received by us, waiting till this question is disposed of.

Are you of opinion that the proposed measure would cause the withdrawal of the branches in distant parts of the country?—I have stated so.

Those branches could not afford the means of paying their own expense, but by the profit afforded by the circulation of your notes?—That is certainly one great object we have in view in planting branches.

Supposing that the business of any particular place in which there are now three or four banking establishments established, were to be reduced in point of profit by the proposed measure, so as not to be capable of supporting those three or four different establishments, might not the profits of the business in that country support the expense of one or two establishments?—I cannot say whether it would or not.

If it were found to be so, one establishment might be kept up where four had been formerly kept up; do you think that would be of advantage to that part of the country?—I do not; for I think the competition which exists in places where there are more banks than one, is of very great advantage, both to the banks themselves and to the public at large.

Is there not a constant spirit of competition among the banks in Scotland whenever they are established in the same places?—No doubt there is. I think there is just that degree of competition and rivalry on the one side, and that measure of friendship and good understanding on the other, which, like the power of opposite forces, keeps the machine firm and steady.

Is not the main principle which produces that result, the desire of each of the banking establishments to promote its own interest?—Unquestionably.

If

If money is to be remitted from one part of the country to another, is not that done practically in Scotland, by means of the bank which has a branch at both of the places?—Certainly, it is done with the greatest facility where that state of things exists.

If all the branches but one were, in consequence of the reduction of the profits of the bank, to be withdrawn from any particular place, would that place have the means of remitting money to a distant part of the country where that bank had no branch, or would it have the power of discounting bills upon such distant part of the country?—Not by any means with the same degree of facility which is now possessed. For example, we have a branch at Annan, so have the British Linen Company: if we were to withdraw our branch from Annan, there would not exist the same facility to the trader there to get money transmitted to Lanark, where we alone have a branch, nor could his bill be discounted probably upon the same terms.

Then the result of this would be, that the mode of mercantile communication between the distant parts of Scotland would be very much interrupted and impeded?—I think it would.

What do you think is the guard against an over issue of notes by the Scotch banks?—I think the system of exchanges that is established in Scotland is the most complete check upon an over circulation in the country.

The Committee have been informed, that the practice is for the banks to exchange their notes with each other twice a week in Edinburgh, and the difference that any bank has to pay upon such exchange, is paid by a bill at ten days upon London?—Yes.

Does it not result from that, that under that system if one bank over issues, that over issue immediately returns upon it?—Certainly.

If all the banks could be supposed to combine, so that they should all over-issue to the same amount, would not that over issue be in the same way corrected, by being returned into the coffers of each bank by the neighbouring banks that held such over issue?—Yes; but that is an extreme supposition.

But under that extreme supposition would not there still be a corrective afforded to an over issue?—Certainly.

You have stated that the system of advancing money as cash credits cannot be converted to the purposes of over trading and speculation?—Yes.

And you have stated that the sum of notes in circulation cannot be maintained at a greater amount than the transactions of the country require?—Yes.

You have also said, that one of the means which the banker possesses of doing his business in Scotland is afforded by the amount of the paper currency he can keep in circulation?—Yes.

If he cannot increase the amount of his paper currency beyond what the circulation requires, can he increase his means of carrying on his business at any particular time by a greater issue of his notes?—No bank can increase the issue of its notes at will; it can only meet the demand that is made upon it.

If a banker has issued 100,000*l.* of notes, and has thereby acquired an addition of one hundred thousand pounds to the means of carrying on his business, and the circulation does not require any addition to that issue, can he, through the means of his paper currency, add any thing further to his means of carrying on his business?—Certainly not; he cannot by any such issue add to the circulation of the country. We may suppose that a banker may over issue, but for the amount of that over issue he must provide for in real funds within three or four days, and practically this is a complete check to such over issue.

Then, if through a spirit of speculation, bills are taken to a banker to discount, which may lead to over trading, can he enable himself to discount those bills by increasing the issue of his notes?—Certainly he cannot at will increase his circulation.

Then is it not true that over trading cannot be encouraged either by the granting of cash accounts, or by the power of issuing a paper currency convertible and exchangeable in the manner that is the practice in Scotland?—I do not think it can.

If a spirit of speculation and over trading exists, are not the transactions of the country thereby increased?—Certainly.

As the currency of the country must bear a proportion to the amount of its transactions, will not that spirit of over trading create a demand for an increase in the currency of the country?—It appears to me that it would.

Then is it not your opinion, that any such increase in the currency of the country

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must be the consequence of that over trading, and not the cause of it?—Certainly; I have answered these questions, however, as applicable only to the Scotch banking system. It is in Scotland, and under the present system, that all these things would be so.

Is it in practice found that every bank in Scotland that issues notes has occasion within a short period to pay a sum equal to the total amount of those issues?—There is a constant revolution of its notes, and it has been supposed that the whole of the issues of a bank return to it in the course of six weeks or two months; this is, however, but a conjecture, for we do not mark our notes, and having the power of re-issuing them at pleasure, we cannot ascertain it exactly.

The payments you have to make for your balances due to other banks, are made by drafts upon London generally?—They are, generally.

Besides that, you pay up such sums as are demanded upon deposits?—We pay at once any demand of that kind that is made upon us.

Does not the trading capital of a Scotch bank consist, first, of the assets of the partners; secondly, of the amount of deposits with the bank; and thirdly, of the amount of their circulating credit on outstanding notes?—Yes.

That constitutes the whole trading capital of a bank?—Yes.

Is not that capital generally employed, first, in advances upon cash credits; secondly, in discounting bills of exchange, promissory notes, and other negotiable securities; thirdly, in exchequer bills or government securities bearing interest; and lastly, in the balance which the banker in his prudence keeps ready to answer the demands of depositors and others having credit upon the bank?—Yes; I would state it thus; that with our capital, arising from the three sources mentioned, we discount bills, we grant cash accounts, and we have always a large amount of our funds remaining ready at our command, and vested, it may be, in Bank of England notes, gold, or government securities, to meet the variations and demands that may arise.

Of those four ways of employing your capital, three are productive to you, and the fourth is unproductive; the cash credits produce interest; the discount of bills and private securities produce interest; the government securities produce interest; the gold and the Bank of England notes, or whatever you keep for the purpose of meeting demands of depositors, or any other description of credit for which you are liable, are the unproductive part of your capital?—Just so.

Do you agree that the amount of deposits is not less than twenty millions, in the hands of the Scotch bankers taken collectively?—I have said that that is my opinion, as far as I can form an opinion upon such a point.

You have also stated that you consider the cash credits may extend to about six millions?—Yes, the amount granted.

The amount issued upon those credits upon the average, you think may be four millions?—Yes.

Supposing your bank to be called upon by any circumstance to substitute sovereigns for the one-pound notes, would the bank provide for the purchase of such sovereigns by selling part of its government securities bearing interest; or secondly, by curtailing the amount of its discounts on private securities; or thirdly, by contracting its cash credits; one or other of those modes you must resort to, supposing your capital to be employed in the four ways that have been mentioned?—I can give no other answer to that question than that we should have to provide the amount of sovereigns required out of our capital. I have stated that the cash accounts would be withdrawn, but that was for this reason, that they would cease to accomplish the object for which they were granted. What the bank might do in order to purchase the amount of sovereigns required, I cannot more specifically say, than that they would have to employ a part of their capital for the purpose.

Why would the cash credits cease to perform the object for which they were granted; was the object any other than that of making profit to the bank?—I think I have stated that the original principle of cash accounts in Scotland, when that part of the system commenced, and I believe it has been uniformly acted upon by every banker since then, was, that the cash accounts were the most efficient means of promoting the circulation of the bank's notes, and especially of the small notes; and when these are taken away, when the motive is withdrawn, then the effect will necessarily cease.

Supposing your deposits and the assets of the bank to remain the same, and that the amount of the one-pound notes withdrawn was two millions in the whole, would not the result be, that by putting an end to your cash credits upon which you had made

made advances to the extent of four millions, there would be two millions of your capital unemployed after you had provided for the purchase of two millions of sovereigns?—Yes.

Do the banks derive a smaller profit from that portion of their capital which is employed in cash credits, than from that portion which is employed in the other modes which have been referred to?—I cannot say. We are not capable of distinguishing the different sources of profit so as precisely to determine the exact proportions between them. The amount of capital which is laid out upon cash credits is permanent; we have come under an obligation, in point of fact, so long as the accounts are well operated upon to continue them, and we could not therefore so readily recall that amount as if it were invested in any other mode.

What is the comparative rate of profit which those different employments of capital afford?—I cannot really answer that.

When you grant a cash credit, what interest do you charge upon the sum actually advanced?—Five per cent.

What do you gain upon that part of your capital which is employed in government securities?—It varies.

What is the highest amount you have received within the last two years?—I am not prepared to answer.

Is the interest upon government securities five per cent?—It is less than five per cent.

Is it four per cent?—It must depend upon the price at which we buy.

Then what sort of inducement have the banks, conducting their business with a regard to their own advantage, and upon banking principles, to annihilate all the cash credits, and to leave unemployed not only the existing capital now employed in two other modes of making profit, but the additional two millions which they would have to dispose of by the recalling of the cash credits after providing gold, in preference to curtailing their advances in some other branches of their business?—The annihilation of small notes would just deprive the Scotch banks of 1,800,000*l.* or two millions of their present means of carrying on business; besides this, the expense which would be entailed upon them in every respect by a gold circulation, would be such as to prevent them from giving out in so permanent a nature of advance as a cash credit what they are willing to give out under the advantages which they derive from the present system.

Supposing the deposits to remain the same, and the assets the same, in what manner would the Scotch banks employ those deposits and those assets, the cash credits being at an end?—They would employ them in the discounting of bills, and perhaps in granting loans.

Would the putting an end to the system of cash credits increase the number of bills they would discount?—I think very considerably.

What do you mean by granting loans?—I think, under that system, a person who wished perhaps a loan of 5,000*l.* would much more readily obtain it from the banks than he can do at present.

Upon what security?—Upon good security.

Upon what description of security?—Either personal or heritable.

Then if he obtained that loan upon good security, personal or heritable, would it not be a permanent investment of so much of the capital of the bank, in the same degree as the cash credit now makes that advance permanent?—That would depend upon the terms of the loan; it might be in the form of bills, at three or four months.

Admitting that to be a great convenience to the country, in the system of cash credits, and assuming the same competition of bankers to exist in Scotland which now exists, do you not suppose that some bankers would use their deposits and their assets in making those advances in the manner most acceptable to their customers, provided their own profit was as great as in any other mode of advance?—Probably they might.

Is not there now a great increased facility of communication between the remote districts of Scotland and the large towns, both by roads and by sea?—Yes, there is.

And consequently, the markets of the south of Scotland, and the places at which there are banks, being more open to those districts, a greater facility of circulation exists, both for the sale of their produce, and the remittance of whatever they require in return?—Certainly.

Are you acquainted with the manner in which those bankers who do not issue notes of their own, conduct their business in Scotland?—I have some knowledge of it from general observation, and also from the experience of a few years before the establishment

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establishment of the Commercial Bank, when I was in the house of Messrs. Ramsays, Bonars & Company.

At that time that house did not issue notes?—No, they did not.

Did they ever grant any cash accounts?—There were very few; I do not suppose there were more than ten or twelve, and they were chiefly to their connexions and a few friends.

Were they granted rather as a matter of favour to individuals than as a profitable mode of advance to the bank?—Yes, they were; it was not a part of their system at all, and I believe it is not part of the system of any banker who does not issue notes.

Do you conceive it would be beneficial to a banking establishment not issuing notes, to advance money upon cash account?—I do not think it would. I can only state, that as it has been the uniform practice and rule to grant cash accounts for the purpose of promoting the circulation of notes, and as no bankers have generally done it who do not issue notes, they therefore have not considered it their interest.

From that you would infer, that if the advantage of issuing small notes were not continued to the banks in Scotland, they would all be under the same necessity of withdrawing their cash accounts?—Yes.

Was there any run upon any banks in Edinburgh, to your knowledge, for gold during the time of the late panic in England?—None whatever. A run is what we do not know any thing of in Scotland; it is a word that is not in the banking vocabulary of Scotland at all.

Did any of the Edinburgh banks consider it necessary, as matter of precaution, to procure any considerable sums of gold from London during the existence of that panic?—I am not aware of it.

Do you know whether any of the bankers in England sent to Edinburgh for gold during that period?—I know of one case, in which a bank in the north of England, that was in some difficulty, did apply to have some good London bills discounted by a bank in Edinburgh, and to have Bank of England notes and gold which they received; and there may have been other similar cases.

You have been asked what inducement the bankers would have to abolish the cash credits, and to retain their capital in the funds—are the Committee right in understanding that the trade of the bankers in Scotland consists of two branches; the dealing in capital, which is chiefly by the discount of bills, and the receiving money in deposits and so on, and supplying of the currency?—Yes.

Then do you consider the vesting the capital of a bank in the funds, as an employment to which he resorts for profit, or to which he resorts for the purpose of vesting his surplus capital, and keeping such a quantity at his command as he thinks may render him safe, under any circumstances that may arise?—It is only for the latter purpose. We do not account it banking to make investments in the funds, but a portion of our capital may be so invested.

Then if that branch of your business, which consists in supplying the currency and the cash accounts were taken away, and there remained to you the trade in bills, do you estimate the profits upon that trade so low as five per cent per annum?—The direct profit from the discount of bills is somewhat more than five per cent, for we receive the discount in hand.

And you receive it more than once in the year?—It is turned over frequently in the year.

With regard to the cash accounts, are they very much employed in the payment of the wages of labour?—Yes, they are.

What effect do you think would be produced on the employment of labour if the cash accounts were withdrawn?—There would be a much less stimulus given to labour.

Do you think it would materially reduce the means which are now possessed for the payment of the wages of labour?—Yes, I think it would.

Veneris, 28^o die Aprilis, 1826.

John Gladstone, Esq. a Member of the House; Examined.

YOU are a merchant, extensively engaged in general business at Liverpool?—
I am.

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Have you been so for many years?—Almost forty.

John Gladstone,
Esq.

You are well acquainted with the system of banking, and the state of the circulation at Liverpool?—I am.

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Does the circulation consist altogether of a metallic currency, and of Bank of England notes of 5*l.* and upwards?—With the exception of bills of exchange, which from the nature of our business, and the manner in which it is conducted, form by far the greater part of our circulating medium, all that is required for minor purposes consists entirely of gold, or Bank of England notes.

In fact, there is no local paper issued?—None that I am acquainted with, in our part of Lancashire: on the borders of the county adjoining Yorkshire, there are some country banks that issue promissory notes, but I believe not on a large scale.

Were those notes so issued, countenanced or discouraged by the leading manufacturers and merchants of Lancashire?—Decidedly discouraged, so much so, that I recollect, about twelve months ago, a meeting of the manufacturers in Preston was called, for the purpose of collecting and sending away all the notes of that description that had got into their circulation.

What is the business of a banker at Liverpool, and in what mode do the merchants and manufacturers keeping accounts with bankers carry on their transactions?—The account kept by a merchant, if he is of respectability, and possessing the confidence of his banker, is a floating one, generally with the balance in his favour, occasionally with it against him; interest on both sides of the account is calculated after the same rate, and the remuneration paid to the banker is a quarter per cent upon the amount of one side of the account; for this quarter per cent he transacts the business of the merchant, by receiving from him his payments almost wholly in bills on London, or acceptances payable there; he supplies him with such for the purposes of his business when he requires them, and when his acceptances, whether foreign or inland, are made payable in London, he provides the means and remunerates his banking agent there for paying them, all for the quarter per cent charged on one side of the account; he likewise supplies the merchant with whatever cash or bank notes he may require for the ordinary purpose of his business in Liverpool, which are chiefly charges on merchandize, profits, and payment of duties.

On which side of the account is the commission charged?—That depends in some degree upon circumstances; if the account is a satisfactory one to the banker, he is content with charging the commission on the lesser side; if it is one of considerable accommodation from him to his customer, then he generally charges it on the other, and in such case it is, I believe, seldom objected to by the customer.

So that in fact the choice upon which side the commission shall be charged, in the event of the merchant having an account which generally leaves a balance in the hand of the banker, is with the merchant, and in the opposite case, it is with the banker?—Provided the circulation of the account has been such as to afford a satisfactory amount of commission to the banker; for as he allows five per cent on the balance when in his hands, unless his commission amounts to a proportionate considerable sum, he cannot be said to be remunerated.

Is it a common practice with the Liverpool bankers, thus allowing as much interest as they charge, to make advances to merchants, and to let their accounts be overdrawn?—There is no regular system, it is generally matter of arrangement between the banker and his customer. In addition to these floating accounts, where the benefit of the banker consists in his commission, he is in the habit of receiving money in deposit to a large extent. On those deposits, according as they may be more or less permanent, and as may be arranged between him and the parties making them, he allows a higher or lesser rate of interest, and when, as at present, the interest charged and allowed on a floating account is five per cent, he allows from three to four; there may be a few instances where the interest is less, as in the case of funds belonging to bankrupts estates, they being liable to be called for

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for at any time on a short notice, a less rate of interest is usually allowed upon them.

Are you at all acquainted with the system of banking which prevails in Scotland?—I served my apprenticeship to business in Scotland; and previously to my coming to reside at Liverpool, I was for three years in general business at Leith, in connection with my father, during that period I had an opportunity of being acquainted with the mode of banking that was then practised.

Then you are aware that the system of banking in Scotland admits of what are called cash credits?—At that period the system of cash accounts (which is the name they are known by) was a very common one, they afforded accommodation to a limited extent, for which collateral personal security by bond was given to the bank, and upon which the parties were permitted to operate as suited their convenience to the extent agreed upon.

The nature of cash credits being such as you have stated, what is the leading difference between that mode of transacting banking business with the customers of the bank, and the mode which you have described to exist at Liverpool?—The object in Scotland must evidently be the circulation of their promissory notes, otherwise the interest alone on the advance of capital would not be sufficient to remunerate them for the accommodation they afford in that manner to their customers.

Why should a small commission of a quarter per cent be a sufficient remuneration to the Liverpool banker, frequently in advance to his customer, and why should not in Scotland a similar commission, with a difference of one per cent, for instance, between the rate of interest charged upon the advances made under this system of cash credits and the interest allowed to the parties in deposits, be a sufficient remuneration to the Scotch banker?—In the first place, the scale on which business is conducted in Liverpool is a very extensive one, but the bankers risk is also considerable from the nature of their payments. The quarter per cent on a respectable account will amount to two, three or four hundred pounds a year. Considering that the Scotch banker requires from his customers security in addition to his own, I should conceive where he charged five per cent on his advances, and was also to receive a commission of a quarter per cent, that such a business ought to be a beneficial one.

Would there be any difference as to the profit of such a business, if it consisted of a great number of smaller accounts equally well secured to the banker, or a smaller number of large accounts in which the risk was not less than in the smaller transactions?—I can conceive no difference beyond the fact, that if the accounts were small, and therefore very numerous, the banker would require a more extensive, and therefore more expensive establishment for carrying on his business, than if the sums were larger and the number of customers less.

You see no other difference?—I am not aware of any other.

Do you consider that the security which a Scotch banker holds for the advances which he makes upon cash credits is less or better than that upon which the Liverpool banker generally transacts the business of a floating account?—Happening myself to stand in the situation of a security for one or two friends in Scotland, and having therefore observed the particular manner in which Scotch bankers attend to the nature of the security which they require, I consider their system a safer one than that of the Liverpool bankers.

You mean that he runs less risk?—Yes.

Then, as far as you are acquainted with the system of Scotch banking, do you see any reason why Scotch credits might not be continued in case the circulation of Scotland was assimilated to that of Lancashire?—I think they might be continued; and as the Scotch banks in general possess large capital, and as I have always understood, with a large portion of it invested in the public funds, I am inclined to believe, if their system was changed from the present to one something similar to ours in Lancashire, and they applied their capital more in that way to provide a permanent supply of gold and bank notes in lieu of their small notes, it would still be a beneficial employment of it.

As much so as the present system?—The answer to that question would be a matter of account, but I should suppose it might be made so.

You are aware that an act has passed in this session to put an end to the circulation of promissory notes under 5 £. at the end of three years?—I am.

What will be the effect of that act in Lancashire?—I do not think its influence will be felt there; I am not aware of any reason why it should be so.

Do

Do you recollect any period since the calling in of the one-pound notes of the Bank of England, and the substitution of sovereigns as the currency of Lancashire, in which there has been any want of a sufficient quantity of gold for all the purposes for which it was required in the circulation of that district?—I am not aware of any; we having always an abundant supply of Bank of England notes for the purposes of larger payments, where gold is less convenient.

But for payments under 5*l.* you have nothing but gold?—Nothing but gold and silver for broken purposes.

That is speaking of Liverpool?—Yes.

Was there any run upon the Liverpool banks for gold at the period of the alarm in December and January last?—I am not aware of any, and if there had I think I should have known it; the Liverpool banks, like all others at that period who possessed sufficient means, adopted measures of precaution, in case such an event had taken place they would have been prepared for it; such a run could only have been calling for deposits; there is no other way in which they could have been affected.

Would those deposits have been called for in gold, or in bills of exchange, or Bank of England paper?—Giving the parties who made such calls credit for common sense, I think they would have been disposed to take the description of payment that was most convenient to their banker, provided they were satisfied it was good, and therefore bills of exchange of a respectable character would have been received by them, with gold or bank-notes, as it suited the convenience of their banker.

Was there any difficulty felt at Liverpool from a deficiency of gold circulation, for the purposes for which it was required?—I am not aware of any, if there had been such I think I should have known it.

As a merchant, having transacted business largely during nearly forty years at Liverpool, can you inform the Committee whether any material change has taken place in the mode in which the business of selling goods to foreign countries has been carried on?—A most material change has taken place in the mode of conducting our export business to foreign countries. On my first acquaintance with that business, our exports were wholly, or almost wholly made by the regular merchant, who purchased his goods from the manufacturer; he generally sent them in certain quantities, and in regular annual supply to markets where he either had his own establishments, or where there were establishments for whom he executed orders. This system went on till about the close of the last century, when our manufacturers, in improving their machinery and extending their concerns, finding the regular merchant not disposed to take off their goods in quantity such as they could create, it led to the establishment of a number of young houses, with abundance of enterprize but not much capital, and who obtained from the manufacturers credit to a very considerable extent. This system continued till 1809 or 1810, when a crisis something like the present took place, and brought a great proportion of those houses down. The manufacturers in general then (and had also previously) suffered very heavy losses by such failures, and therefore since 1810 they have become more the shippers of their goods to a foreign market for their own account, in place of selling them, as they had formerly done, to the exporting merchant; their business has since that period extended itself very considerably, and the manufacturers, that is those who have required assistance in carrying on their business, have found it in obtaining accommodation from the agency houses employed by them for the purpose of selling their goods in the foreign market; those agency houses have establishments in London or Liverpool, with branches of those establishments in the foreign ports, they accommodate the manufacturers by accepting bills drawn upon them by him to the extent of a half, in many cases two-thirds of the value of their shipments, (I believe two-thirds has been a more common proportion than any other,) those bills have been at various dates, from four to six months, in particular instances longer, but four to six months have been the general dates, with those bills the manufacturer has been enabled to obtain that sort of accommodation which assisted him in carrying on his business, and in extending his concerns.

Then the Committee is to understand that the business of exports to South America, and to most of the distant markets, India and other parts, has lately been carried on principally by the intervention of those houses of agency, but immediately on account of the manufacturers?—I believe that a large proportion of the

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exports of manufactured goods from this country have been made in that manner, particularly cotton goods.

Do you consider this change in the mode of transacting the foreign commerce of the country to have been beneficial or otherwise?—I think it is hardly to be expected, that any manufacturer whose attention is devoted to that business, can at the same time be equally competent to the management of a mercantile house, and that therefore he must necessarily intrust that management to others; I think, with regard to the exportations to the new states in South America, until within the last twelve months, they were generally successful; the large loans which the governments of those countries obtained from the monied interests of this, afforded great facilities for the purpose of remittance, there was less difficulty to sell goods and obtain what on paper appeared a beneficial price for them, than there has been latterly to obtain means for remittance; and now, I believe, great difficulty exists in obtaining means of remittance, in consequence of the funds which those loans provided being exhausted, and that sacrifices of considerable magnitude are now making in the price of goods in those markets, in order to obtain available means of remittance for them.

Do you think that this system of the manufacturer becoming the exporter of his own goods at his own risk could have been carried on to the extent which has lately prevailed, if the facilities of discounting those bills in currency had not been so great as it is known they were in the course of the last two years?—I am of opinion that without that accommodation, which the manufacturer has received by drawing bills on his agents, that he could not by any possibility have extended his business in the manner he has done. There are among the manufacturers many houses of large capital, whose funds are competent to all their undertakings, who are regular shippers of their own goods to foreign markets, when they are not able to sell them at home to those whom they consider safe; but there are also many others who are dependent on that description of assistance, without which they could not carry on their business in the manner or to the extent on which it is conducted.

Taking together the two circumstances which you have stated, the increased power of multiplying those manufactured goods by machinery, and the great facility of obtaining discounts upon bills at long date, do you consider the combined effect of those circumstances to have contributed in a material degree to the present state of difficulty and distress?—I think they have led to an excess of supply in almost every market beyond demand, which has in a great degree, in my mind, contributed to the distress that at present prevails.

Has it been the practice with the houses of agency who accepted those bills to the amount of two-thirds of the estimated value of the goods on account of the manufacturer, to bind the manufacturer to a renewal of the bills, in case the proceeds of the goods were not remitted in time to take them up?—Generally speaking, I am inclined to believe that the capital of the agency houses would not be sufficient to meet the whole of their engagements in the shape of advance, and therefore an understanding has existed between them and their principals, that in case of disappointments arising either from remittances not arriving when they might be expected, or any other cause, the bills, in whole or in part, in such cases should be renewed.

Unless a manufacturer had a confident assurance that the bill so renewed would again be discounted, would there not arise considerable difficulty to the parties in the transaction of this business?—Considering that the object of the manufacturer in procuring the acceptance of his bills in the first instance must be, to raise funds from the discount of that acceptance, I conceive, that without a similar understanding with the party by whom that bill was discounted, it is quite impossible that he could make such an arrangement with his agent as I have stated.

Then in fact you infer that such an understanding must have existed?—Certainly.

Who were the parties by whom those long dated bills were generally discounted, and discounted a second time upon renewal?—In England by the country bankers, and in Scotland by the banks; both chartered, private, and joint stock companies.

Do houses of agency at Liverpool, and the manufacturers in Lancashire, discount bills with the banks of Scotland?—It is not within my knowledge that they have; I rather am inclined to believe that the discounts in Scotland have been chiefly or wholly for the accommodation of Scotch manufacturers; a very considerable proportion of the cotton manufactures of Scotland are exported through the medium of

of Liverpool by agency houses; when I say so, I mean a considerable proportion of that portion of them which is exported.

Were the Liverpool bankers in the habit of giving this accommodation by discount upon those bills you have been describing?—I am not aware that the Liverpool banks have been resorted to for that purpose.

Were those bills generally discounted by banks circulating promissory notes payable to bearer on demand?—In Yorkshire it was the case, for all the country banks there, I think, without exception, issue notes; in Lancashire partially; in Scotland all the public banks issue promissory notes.

Do you conceive that a great part of those bills have lately been renewed?—Within the last three months I have reason to know that a considerable amount of those bills have been renewed, and that arrangements are made and making for the renewal of others of which the maturities are approaching.

Have there been any considerable remittances during the last three months in payment of the goods sent out upon the credit of those bills?—I presume the question applies to the new states in South America, the remittances from those since the loans were exhausted, with the exception of silver in limited quantity, have been chiefly by the drafts of the agents of the mining companies upon their principals here, and some of these drafts to a considerable amount have been dishonoured. So difficult has the sale of goods become, and the possibility of raising funds from them, it is within my knowledge that a house at Vera Cruz, having their principal establishment in this country, had lately occasion to draw on their house in this country for the sum of about 17,000*l.* to be applied to the payment of duties there.

You have described those houses of agency as the channels through which the foreign trade of this country is now conducted to a great extent. Is it the practice of the partners in those houses to solicit consignments in the manufacturing districts, tendering the acceptance of their credit as the condition of such assignments being made to their partners or agents in foreign parts?—It is frequently so, and one or other of the resident partners are in the habit of visiting the manufacturing towns for that purpose; they have also agents in the manufacturing towns who act as middle men, and who solicit consignments for them from the manufacturers, and they remunerate those agents by a participation in their commission on the sales; I do not mean to say that that is the practice with all the agency houses, but it is within my knowledge that it is so with several of them.

Are those houses of agency generally possessed of very large capitals?—There are among them houses of great respectability, and I should presume of considerable capital, but there are also among them many very young establishments, whose capitals must be very limited. As the export trade of the manufacturers has been increasing rather rapidly of late years, so have those new houses sprung up occupied in their service.

Is the Committee to understand that the Liverpool banks are not in the habit of discounting the bills of those establishments?—It is not within my knowledge that they are; not being myself a Liverpool banker I cannot take upon me to say more.

When you stated that the manufacturers were less likely than the merchant to be competent to manage with prudence the concerns of an export trade, which formerly were the province of the merchant, do you conceive, that so long as prices continue to rise, it is not natural for a manufacturer, if consignments are solicited and credit offered, to multiply his goods, and to send them according to the solicitations which he receives from those houses of agency?—I conceive that such a system as the question describes, and such a state of things as did exist until within the last six months, has led to a very extended trade, that extension of trade has terminated in an excess of supply to almost every foreign market, and has been productive of very injurious, if not ruinous consequences to many of those who are concerned in it.

Do you consider the state of country banking in England and in Scotland to have given any undue facility to this system of trade?—I think the extensive system of discount which has been acted upon by the country banks, both in England and Scotland, discounting bills at dates much beyond those which the Bank of England is in the habit of doing, has been much connected with this great extension of the export trade of the country, by affording facilities, in the manner that I have described, to the manufacturer, which otherwise he could not have obtained.

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Do you consider that those houses of agency would have interposed in this trade to the extent which you have described, if they had not relied upon those undue facilities?—I think their capitals would have been inadequate, generally, to such an interposition.

What do you consider to be the ordinary currency of bills of exchange discounted by the country banks?—In Lancashire, bills drawn for the payment of goods in the regular course of business, are at two and three months date; for cotton, which forms perhaps more than a moiety of the whole amount of the trade of the port, the bills are drawn at three months, that is the date stipulated for by the seller. I am not aware that bills of exchange in the ordinary course of business are ever drawn at a longer date than three months. We sell West India produce in Liverpool to our wholesale grocers, and take their acceptances at four months, payable in London, but those acceptances are seldom put into circulation until perhaps half of the time has been run off.

When those bills are discounted, are they not discounted in small bills of ten and fifteen days date?—In Liverpool those bills are paid to our banker in account, he gives credit for them from their maturity, and we receive from him such a description of bills, when we want them, as the nature of the payment we may have to make requires.

You have stated that a very great proportion of the circulation of Lancashire consists of bills of exchange, what is the lowest denomination of bills of exchange generally used in the circulation of that district?—We have them of all denominations; the manufacturers are, some of them, in the habit of deriving their supplies of bank notes and gold for the payment of their people from shopkeepers, and they draw bills according to the amount that may be convenient for them on their agents in London. Tradesmen of other descriptions are also in the practice of drawing bills for their payments as may suit their convenience, and in consequence we have a considerable amount of small bills; I call them small from 10*l.* up to 50*l.*; between these sums we have a considerable circulation in the county, which pass from hand to hand so fully indorsed that before their maturity it is hardly possible to add another name.

Are bills of exchange under 10*l.* of common occurrence?—By no means.

Is there a stamp on a bill of exchange in Lancashire?—Yes, a regular stamp; they are bills drawn by persons resident in Lancashire on those resident in London, and are regular bills of exchange.

In the case of so small a bill as one for 10*l.* is it drawn upon a person in London? Yes.

Then the circulation of Lancashire, as far as Liverpool is concerned, consists of bills of exchange of 10*l.* and upwards, of gold, and of notes of the bank of England of 5*l.* and upwards?—It does, with silver of course.

By far the greatest proportion in bills of exchange?—Certainly.

Do you know how many country banks there are in Lancashire that issue local notes?—I do not; I only know that there are several at Rochdale, Bury, and in that district of Lancashire adjoining to Yorkshire that have done so; I think there were also one or two at Blackburn.

Had not that house at Blackburn a branch in Manchester?—They all endeavour to introduce their notes into circulation in Manchester and elsewhere; but I am not sufficiently acquainted with their business to say whether they have a regular establishment there.

You do not know whether or not it is true, that within fourteen miles of Manchester there are eleven country banks that issue local notes?—I am not aware of the number; I know that there are several.

Do you ever see any of those local notes at Liverpool?—Scotch bank notes sometimes accidentally make their appearance there, from the facility of returning them, but I am not aware of any others.

Are there any Irish bank notes there?—I never have seen any.

Do you think that any of the Liverpool banks would be disposed to advance money upon the system of cash credits which prevails in Scotland, supposing they had a capital either from deposits or from their own assets beyond what they could employ in their present mode of transacting business?—The system of cash accounts in Scotland is a very restricted one; I believe from 100*l.* to 1,000*l.* is their general extent, and such a system in Liverpool would be of no avail to the merchants there; it might do for shopkeepers, or persons not engaged in trade; a large proportion

portion, I believe, of the cash accounts in Scotland are kept by persons of that description.

What to a banker would be the inducement to decline or to accept such a mode of employing his capital?—The professed system of the Liverpool banker is an adherence to the legitimate principle of banking, that is, receiving the money of his customer, and supplying him with it, upon certain conditions, when required; whereas if he was to adopt the system of cash accounts, it is one wholly of advance, and to carry on his business to a great extent, he would require a very considerable, if not an increased capital.

The question supposes the banker to have an amount of capital not otherwise finding adequate employment?—I am satisfied if his capital was sufficient for the purpose, with his system of commission he might make it beneficial, because he would have sufficient collateral security to cover him from risk.

Do you know whether the Liverpool banks at present grant cash accounts to shopkeepers in Liverpool?—There is no such thing.

In your opinion, does not the smallness of the transactions grounded on cash credit in Scotland render any comparison of them with the large transactions in Lancashire inconclusive?—I think the Scotch system, as it is carried on in cash accounts in Scotland, would not answer the purposes of the Liverpool merchants.

Although very convenient to the people of Scotland?—Although it may be very convenient to the people of Scotland.

Have you had any failures lately amongst the Liverpool bankers?—We had the failure of an individual in the month of December of the name of Hadwin, whose business was chiefly confined to tradesmen and shopkeepers, and who, I am sorry to understand, will suffer severely by him.

He did not issue local notes?—He did not.

You recollect, of course, the period when, previously to the removal of the bank restriction, the circulation of Lancashire consisted of bills of exchange and Bank of England notes?—I do.

The small circulation of Lancashire previously to the removal of the bank restriction, consisted almost exclusively of one-pound Bank of England notes, did it not?—Altogether of one-pound and two-pound Bank of England notes.

And the bank afterwards withdrew the two-pound notes shortly before the removal of the bank restriction?—They did, before they withdrew the others.

In Liverpool, at present, what does the small circulation consist of?—Of gold under 5*l*.

Exclusively?—Since the bank resumed the issue of their small notes a portion of them have found their way into Lancashire.

Is a gold circulation adequate for the supply of Liverpool, maintained without any difficulty or sensible inconvenience?—I have heard of no complaint.

At the time when the gold circulation was substituted for the one-pound note circulation of the Bank of England, did you discover any inconvenience arising from the mode in which that substitution was effected?—As there was sufficient notice given before the small notes were withdrawn from circulation, I am not aware of any particular inconvenience that arose from the change.

Did it make any difference as to the demand for gold upon the country bankers?—I think none in Liverpool.

Is a bill of exchange for 10*l*. drawn payable on demand?—No; payable generally two months after date.

Is it payable to order or to bearer?—Always to order; I never saw a bill of exchange, drawn after date, payable to bearer. Bills payable to bearer are always so on demand.

Are not the bills of exchange sometimes drawn on demand?—They are; but not payable to bearer, if after date or sight.

In the transactions of your own establishment you require a certain quantity of cash weekly?—We do.

To what amount may that be?—I pay so little attention to the petty cash transactions, that I cannot speak positively. It will fluctuate perhaps from 200*l*. to 1,000*l*. weekly; it would be more, but our collector of the customs prefers bills of exchange, at short dates, in payment of duty, because that mode is attended with some advantage in his remittances.

Did you find the gold circulation of Liverpool at all disturbed by the efforts which were made, on the establishment of the Provincial Bank of Ireland, to lay in a stock of gold?—The gold currency of Liverpool was, in December, broken in

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upon very much from Yorkshire; when the country banks failed there, all those that were solvent and had connections in Liverpool, came over and obtained a considerable quantity of gold from the Liverpool banks. I am not acquainted with the operations of the Provincial Bank of Ireland.

That was a pressure upon the banks?—Yes.

Was that circulation which conducts the ordinary business of Liverpool deranged by what took place at that time?—To a certain extent for a short period; as our bankers, in consequence of those drains for the assistance of other country banks, requested their customers would not call upon them for more cash than they could avoid.

How do those manufacturers in Lancashire, who reside in the neighbourhood of Liverpool, with whose mode of conducting business you are acquainted, provide for the payment of the wages of their workmen?—They provide in two ways; if they are of the first respectability, they receive their supplies from their banker; if their credit is not altogether of that character, then, in addition to their transactions with their banker, they draw small bills upon their connections in London, which they get discounted by shopkeepers, and take their cash from them in that way.

Are the supplies which they draw from their bankers in coin?—In coin or bank notes, as they choose.

Has a perfectly solvent and respectable manufacturer any difficulty in procuring a sufficient quantity of coin to discharge the demands of his workmen?—None whatever in ordinary times, none at present.

Is there any disposition apparent among the workmen to hoard the coin?—I am not aware of any.

In those parts of the country which have been amply provided with a gold circulation for payments below 5*l.*, have you discovered the same tendency to manufacturing enterprise and mercantile speculation as in other parts of the country, Scotland for instance, in which the currency is conducted in paper below 5*l.*?—In Lancashire I think the spirit of enterprise, and the disposition to speculation has been quite as extensive as in any other part of the country, and it does not appear to me that the fact of the currency under 5*l.* there being gold, and not a local small note currency, at all influences or affects the payments growing out of those speculations or adventures.

In what currency is a bill of exchange made payable?—In the legal currency; a bill of exchange is drawn for so many pounds, and of course it can only be paid by a tender of legal currency.

Speaking generally, there is no specification as to the kind of currency in which it will be paid?—None.

When there is no specification it is understood that there is a legal obligation to pay in gold?—Certainly; when paper is not a legal tender, it must be paid in gold if required.

When Mr. Finlay was examined here he gave it as his opinion, that if the same facilities had existed in Lancashire as to credit, during the year 1825, that existed at Glasgow, according to his own expression, that Lancashire would have run wild with speculation?—I have the highest respect for Mr. Finlay's opinions, but I am not aware of any facility that the system in Lancashire does not afford for every purpose of business that is carried on there, and I am quite sure that the transactions of the county are on a scale beyond those of Scotland.

The speculations in Lancashire under the present system have been as great as the speculations in Scotland, or in any other part of the empire; but do you not think that the speculations in Lancashire might have been much greater than they were, provided the same system with respect to banking had existed in Lancashire, namely, if there had been a facility of giving cash credits?—No, I do not think the system of cash credits alone would have been of the least avail to the merchants in Lancashire; I think it is a petty limited system, that bears no relation to the magnitude of their transactions.

The bankers in Scotland have been enabled to grant cash credits, according to their statement to the Committee, because they are enabled to issue notes below 5*l.* (Supposing there had been) banks in Lancashire enabled in the same way, or in the practice of issuing notes below 5*l.*, do you not think there might have been facilities of accommodation in Lancashire which did not exist when there was no such practice as that of issuing notes below 5*l.*?—I am of opinion, that where the practice of issuing country bank notes both above and below 5*l.* exists on a considerable scale, that it affords to the banks who issue them the means of granting very increased facilities

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to those who require them, and it also holds out a temptation to those banks to grant such facilities, having the power of creating their issues, to which no limits, beyond their own discretion, may be said to be set. An instance came within my knowledge with regard to the conduct of a bank, not very long ago, that I confess filled me with astonishment and alarm:—a country bank failed in England, that had been established for upwards of forty years; their engagements amounted to 370,000 *l.*, they consisted of a circulation of notes of above 90,000 *l.*, deposits and balances of open accounts, they possessed funds which they considered adequate to meet their engagements, and a balance of about 100,000 *l.*, which they considered their private property, independent of the bank. At the time they suspended their payments there was no run upon them, but they wished to make some preparation to meet contingencies last December, when other banks had stopped, and they endeavoured to obtain assistance in London, on the pledge of the title deeds of landed property belonging to the principal partners in the firm;—they failed in this attempt, upon which the partner, who conducted a branch establishment (the only one they had) at an adjoining town, closed the bank without consulting his partners, in consequence the principal establishment was obliged to do the same; when they stopped the whole of the Bank of England notes and gold which they had in their possession was, in the principal bank, 5,200 *l.*, and in the branch, 700 *l.*; thus with engagements to the extent of 370,000 *l.* over them, they had not 10,000 *l.* of any description of money or funds in their possession that they could have converted into money at that moment beside them.

Do the Lancashire bankers receive money on deposit?—They do.

In Lancashire have any country banks failed within the last ten years?—In Liverpool the firm of Clarks & Roscoes failed within that period. I have already mentioned a minor banker that failed there of the name of Hadwin; I do not recollect any others.

Lancashire is an instance of a county in which for the last five years a gold circulation has been substituted for paper, speaking generally of Lancashire as a district, is it not?—It is.

Has that substitution of a gold circulation for paper below 5 *l.*, operated in any way as a check upon mercantile speculation, or upon agricultural improvement?—I am not aware that it has.

With respect to all the great manufacturers with whose concerns you are acquainted, are their payments to their labourers made in gold, or in paper below 5 *l.*, speaking generally?—My knowledge of the practice of manufacturers is rather limited, but as far as I have a knowledge of their practice in the vicinity of Liverpool, they pay in gold.

In that part of Lancashire in which the circulation for ordinary purposes is conducted in gold, do you think there is any want of a fair accommodation to trade, or to agriculture?—I am not aware of any.

You stated that you conceived the power and the facility of issuing one-pound notes had given increased inducement to accommodation and speculation?—I did not mean to confine my answer to one-pound notes. The power of issuing notes generally, certainly affords additional means for affording that accommodation, and additional temptation to grant it.

Do you conceive, from your observation or experience in other parts of England, that small notes increase the frequency and the danger of a run upon the country banks?—I am of opinion that, if the small notes were not in circulation, it would lead to the country banker necessarily keeping beside him a more considerable supply of gold, and that necessity would afford a wholesome check on his general system of issuing of notes of every description, as well as his safety in doing so.

Were you at Liverpool at the period to which you have referred, of the drain upon Liverpool for gold, owing to the failures in Yorkshire in the months of November, December and January last?—I was not, I knew it by correspondence.

Were you in a part of the country in which any country banks failed issuing one-pound notes?—I was.

Did you witness the effect of those failures in deranging the circulation and the facility of currency in that part of the country?—I did to a very remarkable degree; the loss and inconvenience experienced in consequence of it was excessive and lamentable.

Have you any reason to believe, that the inconvenience experienced in Liverpool from the temporary demand for gold for the supply of the manufacturing districts of Yorkshire, was at all to be compared to the inconvenience experienced in the

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district in which you found yourself in the month of December, from the failure of the country banks?—I think there was no sort of comparison; any inconvenience felt in Liverpool was of a limited character, not at all difficult to be met; whereas, where I resided at that time, the injury and inconvenience was excessive; the difficulty experienced by the inhabitants, and particularly the lower classes, for want of the ordinary means of circulation, was most distressing.

Will you state in what part of the country that was?—In the west of England.

Do you not conceive that the disarrangement that took place in Liverpool, in consequence of the demand for gold by the country bankers, would be of the same nature, though of a much less inconvenient quality, than the disarrangement that took place in London, at the same moment, from the same cause?—I conceive not, because our more considerable cash payments are not made in Liverpool, but in London; cash is only wanted as I stated before, for the lesser purposes of business, and consequently there is less difficulty in procuring it to that extent.

You say that you are acquainted with the system of banking in Scotland?—I think I am.

Do you consider the banks there to be established upon a sound and substantial foundation?—As far as regards the banks in Scotland, generally, I should suppose they were so, and quite competent to all their engagements; but I think the system of issuing paper money without control is a hazardous one to the community, and that it has indirectly contributed to the consequences under which the country is now suffering.

Do you consider the consequences which are now being suffered in Scotland to be greater, or as great, as those suffered in England?—In the manufacturing districts of Scotland I am inclined to believe they are quite as considerable as in those of England.

Do you consider that, under the system of the Scotch banks, any over-issue could exist for any length of time?—I think no over-issue can exist for any length of time, if the circulating medium exceeds in amount what is required, the excess will return to those who issue it; but I think the facility of discount and of giving credit that has prevailed in Scotland, has led to an extension of business there, that has employed those issues, and that has produced consequences in its results both inconvenient and injurious.

Are you acquainted with the mode of keeping and the operations of a cash account?—I am.

You have stated that, in Liverpool, they are in the habit of granting what is called floating accounts?—The account is kept floating, and I stated the manner in which the customer kept his account with his banker. By floating, I mean that the balance is sometimes owing to the banker and sometimes owing to the customer, more frequently owing to the customer than to the banker; that is what I meant by the term "floating."

Are those accounts similar to what a cash account is in Scotland?—Not at all; the cash account is a credit for a limited sum, for which satisfactory collateral security is given to the banker, and the person to whom it is granted avails himself of it to the extent of the credit, or otherwise, as he has occasion.

Are those floating accounts granted on a small scale to individuals in Liverpool?—That depends wholly on the business of the individual; if his business is considerable, his account is in proportion to it: if it is unimportant, so is the account. In the business of a considerable house the account will, probably, in the course of twelve months turn over from four to seven or eight hundred thousand pounds.

What is the largest amount to which those accounts are kept with the bank?—Some of them are on a very large scale; but the Committee will have a Liverpool banker before them, who will be able to give more information upon the subject than I can.

The transactions in Liverpool generally are upon a large scale, are they not?—The transactions of the merchants generally are on a large scale; there are tradesmen and shopkeepers, who keep their accounts with the bankers, whose business is on a small scale.

You have said you think the banks in Scotland would be enabled to continue those cash accounts, if there was a gold circulation in the country in place of the small-note circulation?—That is, provided payments under 5*l.* were necessary to be made in gold, I think that they would probably then resort to the Lancashire system, of charging a commission upon one side of the account; for as they would be liable to be called upon for gold for all purposes of broken payments, they must be

be provided with it, at a given additional expense, to meet those demands which they now meet with their small notes.

Then do you think that they could afford the accommodation which they now do in the remote districts of the country, and in the small sums in which they now afford them?—I think if the Scotch banks generally were to recall a part of that capital which they have invested in the public funds, understanding it to be as I do to a considerable amount, paying them a low rate of interest, that would afford ample means to enable them to give every accommodation that could be required, provided they were satisfied with the system of remuneration.

Are you aware that none of the private banks who do not issue notes of their own in Scotland have been in the practice of granting cash accounts?—I am not acquainted with the practice of private bankers.

It having been stated to the Committee, that, in point of fact, no banker has ever granted a cash account who did not issue notes, do you think it probable that if the power of issuing small notes were taken away from the banks of Scotland, they could continue, with advantage to themselves, to grant those cash accounts?—I think that the reason why private bankers do not grant cash accounts at present is, that, not issuing notes, they cannot compete with those that do; and if the small notes were withdrawn (I think their circulation is, at present, unnecessarily large, very far beyond the amount required for broken payments) a considerable portion of that circulation might be supplied with five-pound notes, and those of a larger amount; and that although, certainly, their profits might not be equal to what they are now, in the issue of their small notes, yet I think the diminution would be much less than seems at present to be generally supposed in Scotland; they might also adopt our system.

Are you aware that those bankers discount bills, and carry on their other banking operations on precisely the same terms to their customers as the banks that issue notes?—I think it is highly probable; and for this reason, that when a banker discounts a bill, if he has occasion for his funds, he can have that bill again discounted; but if he grants a cash account, it is a credit which he cannot so soon recall, and therefore his funds to the extent of that credit may be said to be locked up in the one case, which they are not in the other.

You have stated, that you consider the small notes in circulation in Scotland to be more than is required for the proper wants of the country?—I stated that I thought the circulation of small notes was unnecessarily large, as small notes; I think a very considerable part of that circulation, if it were withdrawn, might be filled with notes of 5*l.* and upwards; I did not state that the circulation of small notes was larger than was required as a circulating medium, but larger than is necessary as a circulation of small notes.

What you mean is, that, in consequence of being able to issue one-pound notes, they issue fewer five-pound notes than they would do if they were restricted to the issue of five-pound notes, and were obliged to keep a circulation of sovereigns for all payments below 5*l.*?—My impression is this, that the banker would issue five-pound notes to a larger amount, provided his small-note circulation were taken away, because they would be less likely to return upon him than at present.

Do you think that any inconvenience can arise to this country by there being a paper currency in Scotland, and a metallic one in England?—The payments of Scotland centre almost wholly with themselves, whilst those of England centre in a great measure in London, therefore, however much an anomaly it may appear on the first impression, that there should be one legal description of currency in Scotland and another in England, the local practice seems to separate and keep apart their circulating mediums; therefore, provided it was otherwise thought safe and beneficial to retain the small-note circulation in Scotland, in my opinion such inconvenience would not arise, or if it did at all, not in a degree to make such a regulation as the question refers to necessary to prevent it.

Do you conceive that a paper circulation in Scotland is more likely to occasion a pressure upon the Bank of England than a metallic currency would be?—I am at a loss to trace the connection that would lead to difficulty to the Bank of England from the paper circulation of Scotland; I consider that if the Scotch banks were pressed by a run, they, having large investments in the public funds, would convert those investments into gold and meet the demands that might be made upon them from that source, in so far as gold might be taken from the Bank of England; in this manner, they might be exposed to some inconvenience, but in no other shape.

Would there not be some inconvenience, provided the currency was metallic,

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*John Gladstone,
Esq.*

(28 April.)

from occasional runs upon the banks?—If the currency was metallic, the Scotch banks would necessarily be provided with a larger quantity of gold, because they would on all occasions require to be prepared to give it in change for their large notes when they were called upon to do so, which they now do with their small notes.

Do you think the banks in Scotland are more liable to a run with a paper currency than they would be with a metallic one?—I think that neither the one nor the other would occasion a run; but I think that, with a circulating medium partly of gold, they would be better prepared to meet any run that might take place, than they would be if their circulating medium was wholly paper.

Have you ever heard of a panic or a run in Scotland upon the banks?—I have no recollection at the moment of any particular occurrence of that description.

Have you any opportunity of knowing the comparative extent of the trade of Liverpool with that of any other of the great trading ports of England?—I am aware of the relative extent of the trade of Liverpool with that of London, and the other principal ports of the kingdom.

Is it your opinion that the trade of Liverpool has increased more rapidly than that of any other port in England within the last six or seven or ten years?—I am of opinion that it has done so.

Is it your opinion that mercantile speculations in general have been carried to a greater length in Liverpool than in other ports in England?—I think the transactions of business carried on in Liverpool have proportionably been to a greater extent than those of any other port in England, but that those transactions merit the term “speculative” I am not disposed to admit.

Have not its connections with the new states of South America led to what you may fairly call mercantile speculations in a greater degree than any other port in England?—Those transactions are generally not for Liverpool account.

Is it your opinion that the exclusive use of gold as a circulating medium has a natural tendency to increase or to limit the spirit of mercantile speculation?—I think as far as gold is required for the ordinary purposes of business, the answer must depend upon the extent of that supply; if the quantity of gold in the country is sufficient for all the purposes for which it is required, I do not see why it ought to interrupt or impede the ordinary transactions of business.

Has the fact of the circulation of Liverpool being principally a metallic currency, in your opinion, tended to check the extent of mercantile enterprise in Liverpool?—As far as our port is supplied with gold as a circulating medium, it is only for minor purposes, not at all affecting the great transactions of the place; in these our payments are made in bills of exchange.

If the transactions of Liverpool consisted of a great multitude of very small transactions, say under 5*l.*, do you think then that gold would be an equally convenient currency with small notes?—I cannot practically suppose such a state of things to exist.

For instance, supposing the farmers of Lancashire held very small farms, and cultivated very small quantities of produce, which they brought individually to market, do you think in that state of things a metallic currency would be equally convenient, either for the facilities of transport, or for cheapness of supply, or for the defeating of frauds, as a paper currency?—I see no reason to doubt it; for the farmer, when he brought a small quantity of corn to market, would be likely to invest the price of it in the purchase of those commodities he required, and, in place of carrying home more than was wanted to pay his rent, most of it would be left behind him.

Do not you suppose that there are as many dealings below 5*l.* in Liverpool, and the surrounding district, as in any other district of country in which there is an equal amount of population?—I see no reason why I should suppose it to be otherwise.

What particular advantages do you think there are in a metallic currency over one of paper?—Safety, and the difficulty of procuring it; whereas, with credit, paper can be created at the will of those who issue it: a metallic currency represents property, and can only be procured by a sale or pledge of property, and must necessarily be limited in its extent.

Do you think there is actually less security in Scotland, where there is a paper currency, than there is in Lancashire, where there is a metallic currency?—As it is the natural tendency of a paper currency to lead to increase of issue, wherever the means for venting it is afforded, I think it is in its nature more hazardous than a metallic currency.

John Moss, Esq. called in; and Examined.

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John Moss, Esq.

(28 April.)

YOU are a banker at Liverpool?—I am.

How many years have you been engaged in the banking business?—Twenty years.

Of course you do not issue any promissory notes payable to bearer on demand?—None at all.

Your business consists in transacting the banking concerns of the merchants, and in receiving deposits and discounting bills of exchange?—Just so.

Since the one and two-pound notes of the Bank of England were called in, of what has the currency of Liverpool consisted?—Entirely of sovereigns and of very few Bank of England notes; the small currency has consisted entirely of sovereigns and five-pound Bank of England notes.

During that period, has there been any scarcity of gold for carrying on the common transactions of business in which currency is required?—Not the least.

Have you ever been put to any expense in order to bring down gold from London to supply that circulation?—Not any at all; we never brought any down.

Then is the Committee to understand that the currency of Liverpool and the neighbourhood, as far as you are acquainted with it, has been kept adequately supplied without any drain being made by bankers or other persons in that neighbourhood upon the Bank of England, or any expense being incurred in bringing down coin from London?—Certainly.

Do you recollect whether, in the months of December and January last, you were not obliged to procure gold from London?—In the months of December and January last we parted with a considerable amount of gold at the time the stoppages took place in Yorkshire, the bankers there sent to Liverpool to supply them with gold; and I should think about 50,000*l.* was sent from the town of Liverpool into Yorkshire to supply the deficiency there.

When you sent this gold from Liverpool to supply the deficiency in Yorkshire and other parts, did you take any precautions to procure gold from London?—No, there was no run upon the Liverpool banks.

Was there any derangement or difficulty in carrying on the ordinary transactions of small payments in which gold is generally used?—Certainly not, in the small payments. In the larger payments, we found persons wishing to get a greater supply of gold than usual, to send out of the town, and we said “if you want it for your own purposes we will give it to you; but if it is to go to Yorkshire, we must decline supplying any more.”

When you gave that answer, was it to persons coming with bills of exchange or other securities, which you were at liberty to discount or not to discount?—Certainly.

But in fact, was there any difficulty experienced in the ordinary transactions of life at Liverpool, from the want of currency?—Not the least.

And you have never been put to any expense whatever to bring down gold from London?—We never brought any down since the first circulation.

Have you ever had more gold in your coffers than you thought convenient?—Very frequently; within the last six weeks we have written to Preston and other towns to know if they would take it, and they replied that they were over-stocked themselves.

So that instead of there being a run upon you for gold, you were rather incumbered with the amount you had?—The distance from London is so great, and as our friends going to London do not like to carry it, we often find it inconvenient to have a large stock of it.

The inconvenience you experience as bankers in Liverpool is rather in the difficulty of sending gold up to London, than in bringing down supplies from London?—Decidedly.

Do you know whether this is the case with the other banks in Liverpool?—It is, I believe, the case with all the banks.

Are you engaged in remitting the revenue from Liverpool?—We remit one-fifth of the customs and excise, and one-third of the post office revenue.

How is the remainder remitted?—By the other Liverpool banks; by bills on London.

Then the revenue is remitted by five banking establishments at Liverpool?—Yes, we take it alternate days.

Can you state what was the amount of the remittance last year from Liverpool,

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John Moss, Esq.

28 April.)

on account of customs alone?—I saw the collector the day before I came up on the 7th April; he was making up his accounts then; the amount was about 3,490,000*l.*; it was within a small fraction of 3,500,000*l.*

So that there was a sum of three millions and a half remitted from Liverpool last year on account of the customs, by you, and four other banks, and no difficulty experienced from any diminution of the amount of gold in circulation?—Not the least.

Is the revenue derived from the assessed taxes, and other branches, equally remitted?—We used to remit part of it; there were two receivers; we remitted half of it, until Mr. Falkner's death.

Then from Liverpool, and that district, there is a remittance considerably exceeding four millions on account of the public revenue?—Certainly, much more; a very considerable part of the assessed taxes for the county are sent from Liverpool, in consequence of the receiver living there.

Do you know what the expense would be, if the occasion should ever arise of getting gold down from London?—I do not know.

In fact the Liverpool banker does not know what it is to want gold?—We have generally a surplus.

Then your circulation is always adequately supplied, having once had sufficient for that purpose?—Very little change takes place in the circulation at Liverpool; when the small Bank of England notes were current they were not exchanged, but kept circulating until nearly worn out.

Are there any local notes paid into your bank?—We do not take them; the expense of sending them for payment is more than they can be exchanged for by persons who make it their trade.

Are there any in circulation in Liverpool?—None.

At Warrington?—None.

At St. Helen's?—None.

Have the notes of the Bank of Ireland found their way into Liverpool at all?—Some few one-pound notes have lately come in.

Do you apprehend that those one-pound notes are likely, from the extensive intercourse between Liverpool and Dublin, to find their way into circulation, and to displace the gold?—I should be afraid of it if they established a branch bank at Liverpool, or appointed an agent. I have heard that they have it in contemplation the appointment of an agent in Liverpool.

Have there been many one-pound notes of the Bank of England in circulation since they were re-issued?—Not many in Liverpool, and they have now nearly disappeared. I do not think there are many in circulation at present.

They are readily taken, are they not?—Of course.

Would there be any difficulty in the notes of the Bank of Ireland passing currently, and being readily taken, if they got into circulation?—I do not think there would be any difficulty, if they had an establishment.

You have an opportunity of seeing every description of bill of exchange that is in ordinary use in Lancashire: what is the lowest amount generally which you discount, or which comes into your hands?—Very few under 20 *l.*

Do you ever see any under 10 *l.*?—Very seldom, perhaps one in a week.

Do you know the cash credit system of Scotland?—I know very little of the Scotch system.

You say it often happens to you to have an inconvenient surplus of gold?—Yes.

Suppose you could invest that gold at five per cent interest on perfectly good security, should you not think that a profitable investment?—A great deal would depend upon when we could get it back again; we should not, unless we were quite sure of recalling it when wanted; having no local notes out, we have only our own capital to depend upon.

You recollect the period when previously to the removal of the bank restriction the circulation of Lancashire for small payments consisted of Bank of England paper?—Yes.

What was the mode by which a gold currency was substituted for paper?—I am not quite certain, I think the bank sent the gold to Lancashire; either the government or the bank sent the gold down, and it was exchanged in the town.

Do you discount bills?—We do.

Do you discount bills in gold?—In any thing they want.

Has the substitution of a gold currency for a paper currency at all changed your mode of business in Lancashire?—Not in the smallest manner.

Has

Has it reduced the amount of your business?—Certainly not.

Or generally of the banks in Liverpool?—No.

Every person in Liverpool who has a payment of two or three pounds to make, makes it in sovereigns?—He does.

Are not the number of those payments made in Liverpool, and within ten miles of Liverpool, almost beyond calculation?—They are immense.

Is the gold circulation in Liverpool maintained without any visible effort on the part of the bankers to increase or diminish it?—The gold that gets to Liverpool does not go out; we can remit bank-notes if the circulation is too great, but we cannot so easily part with the gold.

When the Provincial Bank of Ireland was established, and was laying in gold, did you find the banking business, or the circulation in Liverpool, at all affected by that?—Not at all.

In short, no event has happened within the last three years which has made any great impression upon the circulation in Liverpool, excepting when the failure of the Yorkshire banks took place and created a demand for gold?—Nothing else.

Are you of opinion that by far the greatest proportion of the circulating medium of Lancashire is in bills of exchange?—Certainly.

What are the dates of the bills that the banks at Liverpool are in the habit of discounting?—Any thing under four months.

In discounting a bill of exchange for 500*l.* at four months date, is it not the habit of the Liverpool banks to give for that bill, as the discount of it, bills of exchange at small dates upon London?—We give whatever is required.

In what currency do you discount?—In whatever they want; we never discount for strangers, but if a person comes introduced to us, we always say, what you wish to have we will give you, either cash, or bills at any date.

Is it not the habit of the bankers to discount bills at four months, with small bills which have perhaps ten days to run, which may be in their possession?—If a person wants a bill discounted, we always ask him what he wants; we give him bills or cash just as he pleases.

You either give him bills of any date, short of the date of his own bill, or cash, at his own option?—Yes.

Is it not the habit of your bank, provided there is no objection made on the part of the individual who offers his bill at four months for 500*l.* for discount, to tender to him bills that have a few days only to run, which may be in their possession?—I should not say we are in the habit of doing it, because we should give him his choice; if he left it to us we should suit our own convenience.

Is it not found to be the convenience of the Liverpool banks to discount bills of long date by delivering bills that have a few days to run which are in their possession?—I do not think it is the custom.

In the event of a bill being discounted, does not the Liverpool banker place the amount of that bill, after deducting the discount at the disposal of the person who brings the bill, exactly in the same way that he would do if he had that amount to his credit in his hands?—Exactly, he takes whatever he likes in exchange.

It may happen to be a mutual convenience to both parties that the person bringing the bill should receive bills at a short date instead of cash?—Yes.

But is it not entirely at the will of the person bringing the bill to receive the whole in cash, or any part of it in cash, and any part of it in short bills, which the banker may find it convenient to give him?—Exactly.

In the event of the person who brings the bill receiving bills of exchange instead of cash, in part, or in whole payment of the bill so brought for discount, would you not allow him interest for the number of days which the bill which you delivered to him instead of cash would have to run?—Certainly.

You state that it is, in your opinion, not unlikely but that the one-pound notes of the Bank of Ireland may become current in the town of Liverpool?—I should be afraid of it.

You are aware that an act has passed the legislature in the present session, by which the circulation of all one-pound notes is limited to the month of April 1829?—Yes.

Assuming that that is for the public advantage, unless a similar restriction be imposed upon the circulation of notes of 1*l.* of the Bank of Ireland, may not the object of the act be altogether defeated with reference to the circulation of those notes in the town of Liverpool?—I do not think Irish notes would ever circulate

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John Blosa, Esq.

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in Liverpool unless the Bank of Ireland had an agent in Liverpool to circulate them; if they were to appoint any one banker the agent for them, they would.

Assuming that the Bank of Ireland, by the appointment of an agent, or by any other mode which might suggest itself to them, endeavour to bring their notes into circulation, will not that effect follow?—Certainly.

When the gold was substituted for paper, do you think the place of all the paper was supplied with gold; or was some proportion of it supplied by an increase of bills of exchange?—The whole of the paper was supplied by gold.

You stated that you were encumbered with an inconvenient quantity of gold, and that you tried to get rid of it; did you try Manchester?—We have frequently sent gold to Manchester; I am not certain whether we tried Manchester at the period I spoke of; Preston is nearer than Manchester; I rather think an application was made to Manchester; I have heard that at that period Messrs. Heywood, bankers in Liverpool, sent off a great quantity of gold to London, which they would not have done if they could have got clear of it in Manchester.

William Birkbeck, Esq. called in; and Examined.

*William Birkbeck,
Esq.*

WHAT business are you engaged in?—A banker, at Settle in Craven, in the northern part of the West Riding of Yorkshire.

Do you know any thing of the circulation of Lancashire?—I know a great deal of it; we have a branch in Lancashire.

Where?—At Burnley.

Do you issue local notes?—We do.

Does the branch at Burnley issue local notes?—Only the local notes of the parent establishment at Settle.

Do they circulate in the neighbourhood of Burnley?—They do.

Do the manufacturers take them to enable them to pay their wages to their workmen?—They do.

Do you know any other banks in Lancashire that issue local notes?—There were eight a short time ago that did.

Did you know in the year 1825, any banks in Lancashire that issued local notes?—I think eight; at Manchester, Cunliffe, Brooks & Company, and Daintree, Ryle & Company.

You are speaking of parent banks, not of branches?—I believe Daintree, Ryle & Company's is a branch of the Macclesfield bank.

What principal banks were there in Lancashire that issued notes?—Five, I believe.

At what places?—Cunliffe, Brooks & Company of Blackburn, with a branch at Manchester; each establishment issued notes payable at the place where they were situated; there were two at Rochdale, Rawsons & Company, and Fentons Roby & Company; one at Bolton-le-Moors, Hardcastle, Ormerod & Company, those are all immediately in Lancashire; but at Stockport, which is close on the border, part of it in Lancashire, there was also one issuing one-pound notes.

Did the banks you have enumerated issue one-pound notes?—All of them.

Is there any other in the neighbourhood of Lancashire whose notes circulate in Lancashire?—There were a great many in Cheshire, Derbyshire and Yorkshire, on the different borders of Lancashire, whose notes circulated in Lancashire to a considerable extent.

Were those notes paid in wages at the different manufactories?—They were.

Did you, in the discounting of bills, furnish the parties you discounted for with notes of this sort?—We did.

Can you state what you think is the annual amount of country notes that circulated in the district you are speaking of?—I have no means of ascertaining that.

But they were considerable?—Very considerable.

How long has this been going on?—I should think it has been gaining ground for the last four or five years, probably longer than that; but I apprehend that during that period it has increased more rapidly than it did before that time.

Since the year 1822?—I would not fix it to any particular period; I should say four or five years, but it may be rather more.

Have there been many failures amongst the banks you have specified?—Not one of those.

Do their notes still continue to circulate?—I should think not all of them certainly.

tainly, because of this number I believe Cunliffe, Brooks & Company, Daintree, Ryle & Company, have entirely discontinued the circulation of one-pound notes, at least so I understand, and I should think it was the case from not seeing them in circulation.

Were any of the manufacturers at Manchester in the habit of sending bills to you to be discounted, taking in exchange local notes?—Our nearest establishment is twenty-six miles from Manchester, and therefore I do not think there were any.

How do you effect the issue of your notes at Burnley?—We give them to manufacturers for such bills as we approve of.

What length of time have the bills to run that you discount at Burnley?—From two to three months; not exceeding three months.

Giving your notes in exchange?—Yes, and receiving interest.

Was there a gold circulation at the same time co-existing with your notes?—There was, but I think it has been to a very trifling extent lately; I should apprehend that the country has been nearly wholly supplied by the local notes.

What do you mean by the country; do you mean Burnley?—The part of the country I speak of, between Manchester and the edge of the north-west part of Yorkshire, which is Craven, and the part of Lancashire adjoining; there is no banking establishment between Manchester and there, except our own at Burnley.

How do you account for it that there is no original banking establishment in that district of country, where there seems to be a disposition to receive the notes of other banking establishments?—I cannot say; I am not able to judge; I know that Messrs. Jones & Company, in Manchester, and the respectable house of Heywood's, had absolutely prepared notes for circulation some time ago, but they were discouraged from attempting it from seeing a disposition, I believe, on the part of the trade of the country to discourage them, or rather not to wish to take them.

Were there not resolutions entered into by the manufacturers at Manchester, that they would not use those notes?—There were a number of Manchester manufacturers who signed resolutions to that effect; but I know at the same time there were a great many that were taking them, it was not general by any means.

Did those take them who did not discount their bills with the banks that issued those notes?—I should apprehend both those who did, and those who did not.

Do you know of your own knowledge that they were paid away and received by those who had no dealings with the banks that issued those notes?—I cannot say of my own knowledge; but I have every reason to suppose that they were, from my general knowledge of the trade of the country.

What proportion does the small-note circulation in Manchester bear to the gold currency?—I have no means of judging.

Should you think it amounted to one tenth?—I should think that it amounted to a great deal more before this panic.

At Burnley the circulation of sovereigns was almost extinct, was it?—I do not know that I could say so, but a large proportion of the currency was local notes.

At Clitheroe how was it?—I should think that Blackburn and Craven notes, and the different notes on the edge of Yorkshire, supplied the circulation of that country very much.

Do they issue any notes below 1*l*.—Not below one-pound notes.

Are there any notes issued at Preston?—There are two banks; neither of them issue notes.

How do the banks at Preston conduct their business?—They discount bills.

On the same terms with the Blackburn Bank?—I apprehend at the time the Blackburn Bank discounted bills for the interest, the Preston Bank charged a commission for gold of a quarter per cent above the interest.

Each discounting at five per cent, but the Preston Bank charging a commission of a quarter per cent in addition because it discounted in gold?—Each discounting at four per cent until lately, when they have charged five per cent; but the Preston Bank charging a commission of a quarter per cent, in consequence of their furnishing gold; the other bank, supposing, probably, that the benefit of the circulation might be equivalent to a commission, paid their notes for interest only.

But between the bank which manufactured its own paper and issued that paper in discounts, and the bank that discounted in sovereigns, there was only a difference of a quarter per cent?—I apprehend not.

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Esq.

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William Birkbeck,
Esq.

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Was there any difference as to the nature of the bills the two banks discounted?—None.

You believe that the bank at Blackburn was equally scrupulous as to the goodness of the bills it discounted as the bank at Preston?—I have no reason to suppose otherwise; we have been as careful in taking our bills as though we paid gold for them.

Did you ever hear of any want of facility to the trade at Preston?—None.

Do the manufacturers pay their labourers in gold at Preston?—I believe they do.

Is there an abundant supply of silver in the district you have alluded to?—I rather think there is no deficiency.

The Burnley Bank is a branch bank?—It is.

Were you prepared at Burnley to pay your notes in sovereigns?—We do it, but we do not consider ourselves to be obliged to do it; we do not consider them payable except at Settle, but we do not refuse to do it when it is more convenient to parties to receive it there.

Would you discount at Burnley for a person who should tell you that he should expect to be paid in sovereigns?—We should not if he expressly said so, because it would be giving him reason to suppose that we would treat our notes differently from what we consider ourselves bound to do; we might do it if he made a previous bargain.

Then your notes are made payable at the place where the parent bank is, and not at Burnley?—They are.

When any of your notes found their way to Manchester, does it consist with your experience that they were very soon returned?—We do not take any notice of those things; but I should apprehend from their not being in so general circulation there as they were in other parts of the country, they would be more likely to get to a bank there, and be returned from that bank to us.

Was not that, which you conceive to have been the case with respect to your notes, the same with respect to other notes of a like description that got to Manchester?—Yes.

So that at Manchester the bulk of the circulation, except for very short periods, must have been gold?—I do not mean to say that that was really the case; but I should apprehend from the circumstance of their not being so generally approved of as a circulating medium, that they would sooner find their way to the banks, who would return them to us; it is merely matter of opinion.

Do you find much difference in the circulation of your notes in Yorkshire and in Lancashire, with respect to the time they keep out?—I think not; I should think in that part of Lancashire where the circulation of local notes has prevailed, they keep out the same time that they do in Yorkshire.

Have you had any forgeries?—We have had two, one in 1812, and another in 1820.

Should you pay a forged note that was presented?—We did not when they were first presented, but as it always will be in the case of local notes, it prevailed to a very small degree; and when we had prosecuted the parties and got quit of them, we then gave notice to the *bonâ fide* holders of the notes that we should pay them, but we did not think it right to pay them when they were presented.

Have you been long in the business of banking?—About thirty-five years.

Are those the only forgeries you have had?—Yes.

In the months of December and January, during the panic, were you obliged to make calls upon London for a considerable quantity of sovereigns?—Certainly.

Have there been any failures of banks in that district?—There were three; Hadwen's, of Liverpool; Crewdson & Company, of Manchester; and Dilworth & Company, of Lancaster.

The Committee are informed that neither of those banks issued local notes?—Not one of them.

In the district with which you are acquainted is there any great circulation of Scotch notes?—Not a great circulation; there are some, but not many.

You are aware that an act passed this session of parliament preventing the circulation of small notes in England after the year 1829?—I am.

Do you think that the consequence of that act coming into operation will be, supposing the law not to extend to Scotland, an increase of the circulation of Bank of Scotland small notes in the counties of England bordering on Scotland?—I have no doubt it will considerably increase.

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What effect would that have upon the system of country banking in the north of England?—It would have the effect of the manufacturers of the country being supplied by the agents of the Scotch banks, I apprehend, with their notes, which they could get upon easier terms for the payment of wages, than they would be able to get sovereigns from an English banker.

If agents were established by the Scotch banks in the northern counties of England, and they were compelled to pay their notes in gold, would that have the effect of checking the circulation of Scotch notes in England?—Very much I think.

Do you not consider that it would be an unfair mode of proceeding against the bankers of England, to prohibit the circulation of their small notes, without putting a sufficient check upon the circulation of Scotch notes in those counties?—I should scarcely wish to give an opinion as to the effect of any thing which the legislature of this country thought right to enact, but I should certainly say that an English banker would be materially affected by the Scotch banker being allowed to present a currency in his neighbourhood at a cheaper rate than he could afford to provide a currency for the country.

Do the one-pound notes of the Bank of Ireland at all make their appearance in your part of the country?—No.

Would not the same observation which has been made with regard to the Scotch notes below 5*l.* apply to the notes of the Bank of Ireland, if a similar restriction to that which is imposed upon the circulation of English small notes were not to be extended to Ireland?—I do not know upon what terms the banks in Ireland issue their notes, if they do at all, in England; but I am acquainted with the terms upon which the Scotch bankers have their notes issued in England, and if they still continued to issue them upon the same terms, I think the consequences I have mentioned would arise.

What are the terms you allude to?—I mean that their agents circulate them in England, allowing a certain number of days interest; for instance, they will allow a person that brings a bill at two months to pay interest upon twenty days short of two months, or fifteen days.

Is that by way of premium or temptation to induce the party to take their Scotch notes?—They have no reason to do it, for I must say that the Scotch notes are in such high repute in the north of England that they would pass upon equal terms with the notes of the country; but their agents are able to give that accommodation to the public, and safely too, because there is no way in which the Scotch banker can be called upon to pay those notes that will not, in all probability, allow him to give that time to the party that takes them from his agent.

Have you any one-pound Bank of England notes in the neighbourhood where your bank is situated?—We have.

Do they circulate freely?—They do, except from the fear of forgery.

Do not you think that the bankers in England would have the power of checking the circulation of Scotch notes within their own means?—They probably might have if they exercised it; but it would be ungracious in them to attempt to interfere with the circulation of their Scotch neighbours, if the country approved of their notes.

If in the general course of your business your customers were to bring to you Scotch notes to any amount, would you not consider it the part of courtesy to your customer to take those notes, and forward them to Scotland upon exchange, at your own expense, rather than put your customer to the inconvenience to which that measure would subject him?—When we take them from our customer to account, knowing the length of time that must expire before we turn them into cash, except at a great expense, we put them to his account, at six weeks date or two months, as the matter may be; that he knows when he brings it, it is the general custom.

Arthur Guinness, Esq. and ——— *Lunell, Esq.* called in; and Examined.

YOU are directors of the Bank of Ireland?—*Mr. Guinness.* We are.

In what way are the issues by the Bank of Ireland made?—They are made in the way of discount in payment for checks on the bank, and in discharge of all other ordinary demands upon banking establishments.

They are made first on the discount of bills?—Yes.

At what rate do you discount bills?—Five per cent.

Is there any limitation as to the length of time the bill discounted has to run?—

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William Birkbeck,
Esq.

(28 April.)

Arthur Guinness,
Esq.
and
—— *Lunell,*
Esq.

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Arthur Guinness,
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Lunell,
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There is an understanding that ninety-one days is the period; which we do not usually exceed.

The Bank of Ireland have branches in some parts of the country?—They have offices, at which agents are established.

Are those agents authorized to discount bills at those places?—They are.

Without reference to the Bank of Ireland?—Yes.

Do they discount them on their own responsibility?—There is a portion of responsibility attached to the agents.

Will you be good enough to explain in what way that part of your issues is made which is made by checks on the Bank of Ireland?—If a person presents a check he obtains notes of the Bank of Ireland for that check.

That person must previously have an account with the Bank of Ireland?—Unquestionably he must.

He must have made a deposit with the Bank of Ireland?—Yes.

Do you allow any interest upon deposits made with the Bank of Ireland?—No, nor ever did; it would be illegal.

You conceive it would be illegal to grant interest upon deposits?—We conceive it would.

Is it rendered illegal by the charter of the bank?—We conceive it to be illegal, not under its charter, but under the existing law of Ireland, to grant interest, namely, by the Bankers Act.

In the instance of those towns where you have an agent, do you advance money on what is called cash credit?—No, that has not been the custom of the Bank of Ireland, nor was it ever done in any instance whatever.

Then so far as private individuals are concerned, the only way in which the issues of the Bank of Ireland take place, is by payment of checks, and by the discount of Bills?—Yes.

Supposing that no obligation were imposed by law upon the Bank of Ireland to issue no notes below 5*l.*, what effect do you think that would have upon the transactions of the Bank of Ireland?—Merely as to the Bank of Ireland, I conceive it would produce no other inconvenience in its operations, than that gold is certainly a more inconvenient currency to handle than bank notes.

What effect would it have, looking at present exclusively at the interest of the Bank of Ireland?—I must say, that I conceive the interest of any banking establishment would be rather served by an issue of their paper instead of gold.

What interest do you charge on the discount of a bill at present?—Five per cent. With reference to the former question I wish to remark, that although there must be an advantage to banking establishments by the existence of a paper currency, yet that advantage does not go to the extent which might be supposed, because bankers must in place of that paper currency keep an equivalent quantity of gold, to a certain extent, in their coffers.

The obligation to issue gold in place of your present currency below 5*l.*, would of course operate as a reduction of the profits of the Bank of Ireland?—To a certain extent it would.

Has the demand for gold upon the Bank of Ireland in exchange for your notes, varied at different periods?—It has.

At those periods when the demand for gold has been greater than at others, in what way has the gold withdrawn from the Bank of Ireland been applied; has it been applied to the circulation of the country?—I do not conceive that to the full extent it has, I conceive the demand has taken place in two ways, one to send over to England occasionally to the manufacturing districts, through Liverpool chiefly, and also to Whitehaven and elsewhere, in return for coals; there are fluctuations in that respect, and when the exchange rather tends against Ireland, some little export of gold may take place, but it cannot go to any extent, in consequence of the sensitive state of our exchanges under the present regulations.

Supposing you were obliged to issue a gold currency in place of notes below 5*l.*, do you think it would make any material change in the mode of conducting business by the Bank of Ireland; should you limit the accommodation you now give to the public, in any inconvenient degree?—I am not aware that the Bank of Ireland would have any necessity to limit the convenience it affords to the public, to any great extent.

(To Mr. Lunell), Do you agree in that opinion?—I do.

(To Mr. Guinness), In what other manner is the circulation of Dublin supplied, is there any gold in circulation in Dublin?—Very little.

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There is some in circulation concurrently with paper?—There is some little, for I sometimes see it myself, but I conceive it to bear a very small proportion indeed.

Is there any part of Ireland in which there is a gold currency in circulation?—I believe there has been at Cork, and some other places, some little circulation of gold, but not to any considerable extent.

Have not the Bank of Ireland supplied information as to the amount of their circulation at the present time below 5*l.*?—They have, to Parliament.

What is the present amount of it?—About 1,600,000 *l.*, as relating to bank-notes; and I believe as to bank post bills there must be very few, because we have issued nothing under 5*l.* since the 5th of January.

Are there any post-bills ever issued below 5*l.*?—There was an issue of 3*l.* at one time, and it was found to be very convenient in the country, but the Bank of Ireland have issued three-pound bank-notes, since the 5th of January, and as we have agency offices in the country, we thought that the three-pound notes, coming through so many channels, would probably supply the place of three-pound bank post-bills.

Will you give the Committee about the total amount of the Bank of Ireland paper now outstanding?—I suppose, approaching to five millions and a half British.

What proportion of that is above 5*l.*?—I should suppose, about three-fifths may be above 5*l.*, and two-fifths under 5*l.*; but we have made some very late returns.

What notes below 5*l.* do you issue?—We issue three-pound, thirty-shillings, and one-pound notes.

What proportion do the one-pound notes bear to the other notes below 5*l.*?—A considerably larger proportion than the other, I should suppose that more than one-half of the entire are one-pound notes.

Supposing the Bank of Ireland, and the other banks in Ireland, were allowed by law to issue notes of 3*l.*, but no notes below 3*l.*, do you think there would then be a gold circulation in the country?—I conceive there would to a certain extent, certainly.

And that a gold circulation would continue with a circulation of three-pound notes?—I think it would.

Do you think that it would be more convenient to the country to have three-pound notes in circulation, than to have all notes below 5*l.* prohibited?—I conceive that with the persons who handle the circulation of the country, there is a decided preference in favour of small notes over cash in every respect.

Do you think that arises from any other circumstances than that they have been habituated to small notes for a length of time?—Yes; I speak from my own experience; for I remember perfectly well, before the restriction upon cash payments, when gold was a very great inconvenience in trade.

Are there not a great many transactions between Dublin and Liverpool?—A vast number.

And a considerable interchange of population?—Yes.

In Liverpool they have a gold circulation?—They have.

Do you apprehend that an Irishman going to Liverpool, would, while residing in Liverpool, prefer having bank paper to sovereigns?—No, I conceive he would come to the Bank of Ireland, and exchange his paper for sovereigns, when he was going off.

Why should there be any preference of bank paper to gold in Ireland?—I speak of those who handle the currency of the country, among them I think the preference is in favour of the small notes, as more convenient, more portable, and less liable to counterfeit; I conceive these to form the general grounds of preference.

Have there not been very numerous failures among the country banks of Ireland within the last twenty years?—Very serious ones.

Do you not apprehend that there are many thousands among the lower classes of people who have been actually exposed to loss on account of the failure of country banks?—Certainly.

Do you not think the losses they have sustained must have lessened the prejudice they entertained in favour of bank notes?—From any thing I can learn, the lower class of people are perfectly satisfied with the description of bank notes now in circulation in Ireland.

Do you think there would be any disposition to hoard gold, if a gold currency were substituted for the present paper one?—At the beginning there might be, and also in times of great public alarm.

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Arthur Guinness,
Esq.
and
Lunell,
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(28 April.)

Have you formed any calculation as to the amount of gold that might be required for conducting the internal circulation of Ireland, supposing there were a prohibition to issue notes below 5*l.*?—I could not speak with any degree of certainty.

Do you think that two millions would be sufficient?—Our own circulation at present appears to be better than a million and a half, what the other banks have I cannot tell; but I have heard that that may be probably above a million more, perhaps a million and a half more.

Do you think it would require the sum of 2,500,000*l.* in sovereigns to conduct the internal circulation of Ireland?—I suppose so, if three-pound notes were not allowed to issue.

Supposing three-pound notes were allowed to issue, have you formed any calculation as to the amount of gold currency that would then be requisite?—I consider that to be in a great measure problematical.

Supposing a gold currency to be combined with a circulation of paper, three-pound notes being allowed to be issued, do you think in that case, that one million of gold might be sufficient to conduct the internal circulation of Ireland?—I should almost doubt whether it would be sufficient.

Probably 1,500,000*l.* might be sufficient?—Perhaps it might.

(*To Mr. Lunell.*)—Have you formed any opinion upon that point?—I do not think we have any ground to form an opinion more than what Mr. Guinness has said.

(*Mr. Guinness.*)—I would wish to mention, that in speaking of the advantages which I conceive are attached to the small bank-note circulation, I have not at all taken into view the expediency of adopting the one in place of the other as a corrective, to prevent an excess of currency in Ireland, compared with that of England; for if it was conceived to be essential in that respect, I should admit that every other consideration ought to be regarded as of minor importance, because nothing would be more prejudicial to the commercial interests than that her commodities should bear a high price compared with those of England.

Every bank in Ireland has a direct interest in keeping out as large a circulation of paper as it can?—I think that no prudent banker would desire to have a larger circulation than he thought compatible with safety, but bounded by such limit, he would naturally wish to promote his circulation as much as possible.

Do you think there is any danger, if rival banking establishments were formed in the different towns in Ireland, of an excess of paper being issued, if the permission to issue notes below 5*l.* should continue?—I conceive a metallic circulation to that extent to be a more strictly wholesome one than the other, but I conceive that the exchange between England and Ireland under its present state of regulation, is of a peculiarly sensitive description, and therefore might operate almost to the full extent needful as a corrective.

If the Bank of Ireland requires a supply of gold, in what manner do you procure it?—The Bank of Ireland, in case of requiring a supply of gold, would have to procure it from the Bank of England.

In point of fact, has the Bank of Ireland within the last four or five months drawn any considerable quantity of gold from the Bank of England?—No, and I will endeavour to state why; the Bank of Ireland has been ready to supply in exchange for its notes bills payable at the Bank of England at twenty-one days date at par, to any required extent, and therefore there was no necessity for procuring a supply of gold.

Then, in point of fact, you have not created any drain upon England of gold?—Of course we have drawn to a very great extent upon the Bank of England.

But not directly from coffer to coffer, it was done by giving bills upon the Bank of England?—Yes.

And you do not know what became of them, or how they were paid?—We have reason to believe they were paid in Bank of England notes, for we issued them in the common and ordinary way of exchange, persons having money to remit to England came to the Bank of Ireland for bills.

In what mode do you create funds in the Bank of England, in order to meet those bills?—By Exchequer bills, which we thought it prudent to keep for that purpose.

So that you create a credit in London available for the purpose?—There are seasons of the year when the exports of Ireland of course are much greater than at other seasons, and the Bank of Ireland is always ready to take good bills on London, or on England payable in London, or payable in Liverpool, at par, charging the

the interest merely at five per cent upon the period they have to go, which is found to be a great public accommodation, and of course at those periods of the year a large amount in bills is taken and transmitted by the bank, consequently at those seasons we have accumulated an excess of value in London.

And at other seasons that is run upon by a different state of commercial transactions?—Yes.

What proportion do your bank post bills above 5*l.* bear to those below 5*l.*?—I am not able to make even a reasonable guess at it; but I believe there are returns made to Parliament very lately upon that subject, but I can tell the amount of bank post bills altogether pretty nearly.

Is the larger proportion of post bills under 5*l.* or over?—We have none under 5*l.*; we had up to the 5th of January, and any that now remain in circulation must be the residue of those issued prior to the 5th of January.

Your notes are not stamped, are they?—No, we pay a composition.

Supposing you want to make a remittance from one of the branches to Dublin, or that you want to give a person an order upon Dublin, how do you do it?—At the option of the person demanding it. I believe it is arranged by our agents, either to give a bank post bill, or an order upon the bank.

Practically speaking, how is the operation conducted?—Generally speaking, the greater amount has been by bank post bills.

Do those bank post bills pay any stamp duty?—All our circulation bears a stamp duty by composition.

A bank post bill pays stamp duty as a ten-pound note, but it does not pay stamp duty as a bill of exchange?—Our bank post bills are looked upon as part of our circulation, and are included in our composition as the bank post bills of the Bank of England are.

What is the principle upon which the composition rests, which is paid by the Bank of Ireland?—I am not sure what calculation may be made, but we have paid a round sum.

Does it vary?—It has varied from time to time. The composition originally made was about 7,000*l.* a year, but connected with this it formed part of an agreement between the Bank of Ireland and the Government, one part of which was that the Bank of Ireland was to transact the business of the Government without any charge.

Do you know what is the amount paid at present?—£. 12,000 British, a year, I think.

When was this composition made?—I do not recollect.

Some years ago?—Several years ago.

The amount of your circulation has greatly increased since that period, has it not?—There has been a considerable increase, the original sum was 7,000*l.* a year.

Has it increased in proportion to the increase of your circulation?—I cannot take upon me to answer that at present, for I am not prepared to say what the comparative circulation may be now, and then.

You have recently established some branches of your bank in Ireland?—We have.

How long have those branches been in operation?—I believe the first office was established in Cork about thirteen or fourteen months ago.

Have you any opportunity of knowing how the supply of gold has been remitted from the parent establishment to the branch establishment in Cork?—I happened to be in England at that time.

Are you aware, in point of fact, whether in your transactions with the Cork branch you have received or remitted more gold?—We have received more gold.

Then the tendency of the gold, instead of leaving the Bank of Ireland, is to return from the remote parts of Ireland to the Bank of Ireland?—It is.

Do you attribute that to the increased convenience which the people handling the circulation feel from notes instead of gold?—I have heard that, in a common and ordinary way, there is a preference in favour of the small notes, and that therefore the gold has come back into our coffers.

Have the Bank of Ireland any idea of establishing a branch bank at Liverpool?—None whatever; I never heard such an idea stated.

In point of fact they are not competent to do it?—I should not conceive that we are.

Are you quite satisfied that the rate of exchange would be a complete check to any over-issue in the event of the small-note circulation being continued?—I am not prepared to say that it would be as complete a corrective as a metallic circulation, but

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— Lane's,
Esq.

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but I conceive it would operate as a corrective to a considerable extent; I conceive however that we might be more subject to occasional fluctuations than if there were a metallic circulation.

You are aware that an Act of Parliament passed in the twenty-first year of the late King, on the occasion of increasing the capital of the Bank of Ireland?—I am.

On that occasion the Bank of Ireland lent a part of the increased capital to the government of the country?—They did; they lent the whole of the increased capital.

Do you recollect any part of that Act which stipulated that the Bank of Ireland notes should be received in payment for the revenue of all sums of money short of fractions of twenty-shillings?—I do.

Do you look upon it that that was part of the consideration that you received for the advance of your capital by way of loan to the government of the country?—I do, I conceive it to be a part of the bargain.

If the government of the country were now to say that those notes should not be received in payment of the revenue, would you look upon that to be a breach of contract?—Giving an opinion as a distinct member of the Bank of Ireland, and not the opinion of the Court, I would say, if it is deemed essential to the interests of Ireland that there should be a metallic currency, that the Bank of Ireland should not stand in the way upon this point.

Supposing government were to do it without the consent of the Bank, should not you look upon it as a breach of contract?—Yes.

The government by that Act of Parliament are bound to receive Bank of Ireland notes in payment of all sums of money, if offered, fractional parts of twenty shillings only being excepted?—They are.

If then the government were to prevent you from issuing notes under 5*l.* would not the effect be the same as refusing to accept notes less than 5*l.* in payment?—The effect would be the same.

Then to all intents and purposes it would be a breach of faith in one case as well as in the other?—I conceive it would.

Then while that 500,000*l.* remains unpaid, you are of opinion that, without the consent of the Bank of Ireland, it would be a breach of contract to prevent the issue of small notes, unless with the consent of both parties to that contract?—I am obliged to say that there might be some difference between the government saying, Although your notes are in circulation they shall not be taken by our officers, and their saying, It is necessary for the good of the country that there should be a law that no bank establishment shall pass a note under 5*l.*; but I conceive it would be at the same time an infringement of our bargain more or less.

Would not it be the same as any other infringement of your charter without your consent, supposing the advantage of the country to require it. Can you make any difference between a breach upon one subject and a breach upon another?—I would feel myself bound to resist it, however trivial, if I thought it was an infringement of our charter; but I conceive when the clause says, that the officers of government shall take our notes, excepting fractional sums under 1*l.*, there may be an implication that that is to be done only so long as such notes may be issued according to law, and therefore I would not feel myself bound to resist it as an infringement of our charter.

But you would consider it an infraction of the contract that was entered into upon the loan of that 500,000*l.*?—Yes.

Would not the contract be fulfilled if government were to repay the 500,000*l.*?—One part of our agreement is, that it shall not be paid back till the termination of our charter.

Would you conceive it would be any infringement of the contract if government were to declare that Bank of England notes should be taken in payment of the revenue as well as Bank of Ireland notes?—I do conceive it would be an infringement, for the taking Bank of England notes was not contemplated.

Do you think it is the purport of the contract that, in the receipt of the revenue, government shall confine themselves to receiving Bank of Ireland notes only?—No.

In 1808, there was a renewal of the charter?—I believe there was.

What was the consideration given for the renewal of the charter?—I speak merely from recollection; I conceive the consideration was, that a million should be added to the capital of the bank, which million was lent to the government at a certain rate of interest.

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What was the rate of interest at which that was lent?—I believe it was five per cent, but whatever the rate of interest was, it was a low rate at that time; I conceive that during the war, and in the state of Ireland at that period, it was a good bargain for government.

Was not that the largest rate of interest that, under its charter, the Bank of Ireland was entitled to take from any private individual?—Yes.

Then what particular advantage did the government receive on the renewal of that charter?—I conceive government could scarcely have raised a million so advantageously.

In what way could you have employed that money at a higher rate of interest than by lending it to the government at five per cent?—According to our charter, we cannot take more than five per cent; but I look upon discounting bills to be a more profitable mode of employing money than by lending it in that way.

Is there a tendency to send gold from Cork to Dublin?—There has been.

What is, in your opinion, the reason of that?—I conceive there has been an influx of gold into our coffers in Cork.

Have you sent gold recently to Cork?—We sent some small amount of gold for the convenience of the public.

Are you aware that the Bank of Ireland notes are at this instant at a depreciation in Cork?—By no means; I have heard some reports that I conceive to be very idle ones on the subject.

You have no reason for supposing that to be the case?—I have merely heard the report, but the agent of the Bank of Ireland in Cork is on the spot, and I would beg leave to refer to him as being better authority upon that subject.

From what sources do you suppose that gold to be derived?—I conceive it to be gold not wanting in the circulation of the country, at least a preference being given to our notes, and therefore it has come into the coffers of our agent. The agent has informed me that it was in a measure forced upon the public by another banking establishment, that the persons brought him the gold, and required Bank of Ireland notes in exchange for it.

Do you pay in gold at your branches?—Our agent would feel himself bound to accommodate any person as a favour with gold; but we do not hold ourselves bound to do it according to law. In the present state of the law in Ireland we could not agree to being liable to pay the circulation of the Bank of Ireland in gold at any given point.

Your notes are dated in Dublin?—Yes; and in the body of the note it has been also, for the more perfect safety of the bank, deemed right to put the words "in Dublin" after the word "paid."

Has it been the practice to send bank post bills from Dublin to the different branches with the blanks ready filled up?—There have been bank post bills sent down to our branches for the public accommodation in the way I have mentioned.

Do you conceive you are exempted from the stamp which would be payable upon those bills, as bills of exchange, by the contract you have made with government?—We have felt so. Other banking establishments have used another mode, which is, that they give a document addressed to their agent in Dublin, stating that such a person has given to them a certain sum, which is to be repaid on showing this paper.

It operates as a letter of credit?—Yes.

Will you describe the form in which those bank post bills are remitted to your agent at the branches in Ireland?—Our branches in the country are supplied with the bank post bills in blank to a certain extent.

Are they signed by your secretary or clerk at your establishment in Dublin?—They are; but our bank post bills are generally filled up for round sums.

Is the sum put in?—Yes; but for certain purposes we have always had in blank bank post bills, to fill up for fractional sums.

In point of fact are the bank post bills which you remit from Dublin to the agents at the branches in Ireland left blank with respect to the sum?—A great proportion of them are sent down filled up with a round sum.

Are any of them sent down with a blank left for the sum?—I have originally said that there are.

Was it not in consequence of that arrangement made by the Bank of Ireland, to facilitate their circulation, that other banks were induced to adopt the plan of what you deem letters of credit?—I believe the letters of credit had been in use from other banking establishments before the Bank of Ireland had branches.

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— Lunell,
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What induced the alteration to be made in the body of the notes of the Bank of Ireland, making them particularly payable in Dublin, instead of, as had been the case formerly, generally payable?—I believe the principal inducement was a report that measures were about to be adopted to force the Bank of Ireland to pay the amount of their notes in gold at any given point, where they had an agent, and this report was substantiated by an occurrence that took place at Clonmel. A person, who called himself an agent of the Provincial Bank, demanded gold in payment for a note of the bank; our agent stated, that if asked as a favour he would accommodate him with it, as he would any body else, but if demanded as a matter of right, he could not do it; upon which the note was noted for non-payment, and the bank understood that ulterior proceedings were to be taken, they therefore took the opinion of some of the first law authorities in Ireland upon the subject, who agreed that the Bank of Ireland were not liable to pay their notes in gold, except at the parent establishment in Dublin, and it was in consequence of those proceedings that the Bank of Ireland introduced the words "in Dublin" into their notes: it was done for two purposes, one was, to guard against any attempt such as I have alluded to; and the other was, that the public might take those notes, with fair warning, that they could not have gold for them as a matter of right, but at College Green.

You have stated that there is a law existing in Ireland, preventing the bank from paying interest for money deposited in their hands?—There has been a law of that kind for many years.

Are you of opinion that that law throws any impediment in the way of private banking in Ireland?—I am not aware that it does, except it should be conceived to be of advantage to private bankers to grant interest for money lodged with them.

Are you aware of the particular clause of the Act?—I am quite aware of the penalty in the Act; the sanction connected with the Act is this, that a person taking an accountable receipt, on which interest is payable, is subject to a penalty.

What is the penalty?—I am not sure, I believe it is a forfeiture of the money.

Is that an Act of the Irish Parliament?—It is.

Does not that throw an impediment in the way of private bankers borrowing money in the money market upon the same footing on which other persons borrow money?—I conceive that a private banker ought not to borrow money.

Lunæ, 1^o die Maii, 1826.

Mr. Leonard Dobbin, called in; and Examined.

Mr.
Leonard Dobbin.

(1 May.)

WHERE do you reside in Ireland?—At Armagh.

Are you engaged at all in business?—I am agent for the Northern Banking Company of Belfast, at Armagh.

Is that one of the joint stock companies?—It is.

Is that established under the act of last session?—I believe so; it consists of five hundred shares, of 100*l.* each; the nominal capital is 500,000*l.*

Are you connected with any other agencies?—Land agencies I am, but not any other bank agencies.

Do the transactions connected with your agencies give you a general knowledge of the state of exchanges in the north of Ireland?—They do.

Do you know the extent of exchanges on a market day in the town of Armagh?—I think the public markets of Armagh, inclusive, requires about 20,000*l.* a week.

How many market days are there in a week?—Tuesday is the principal market; Saturday and Wednesday are the grain markets.

Are you acquainted with the amount of the weekly circulation in Belfast?—I am not.

Is that considerably more than that at Armagh?—Very considerably more.

The currency of the country is paper principally, is it not?—All paper.

Of what description of notes?—1*l.*, 1*l.* 5*s.*, 1*l.* 10*s.* and 1*l.* 15*s.* Since the currency was assimilated I have not passed any above 1*l.* 15*s.* for the Northern Banking Company.

In your opinion, would there be any inconvenience to the trade of the country by the substitution of gold for notes under 5*l.*?—I think very material. Our capital

capital is at present almost all credit capital; I am sure one half is credit capital. If you take away the credit capital of the country the trade and manufactures must be very materially injured.

Will you describe in what manner business is so conducted in that country as that the substitution of gold for notes under 5 *l.* would operate to its inconvenience?—The linen trade is our principal trade; the average of the webs that are sold in the market are from 15*s.* to 1 *l.*, 1 *l.* 5*s.*, 1 *l.* 10*s.*, 1 *l.* 15*s.* and 2 *l.*

Is it not the habit of the linen buyers to send out their clerks to the different markets throughout the week, in the north of Ireland, furnished with a large supply of money for the purchase of linen?—Certainly.

How many markets may one of those linen buyers frequent in the course of the week?—The linen buyers attend generally five markets in the course of the week; some of them six, and some four.

What sum of money may one of those linen buyers now be charged with, upon his being sent out to buy at those different markets?—I cannot exactly say; I have given often 500 *l.* and 700 *l.*, sometimes 1,000 *l.* to the linen buyers.

And to large dealers even more?—Not above 1,000 *l.*

In your opinion, would the continuation of the permission to issue two-pound or three-pound notes obviate the inconveniences you speak of?—They would not answer for the Armagh markets; for instance, the Northern Banking Company have declined sending me notes above thirty-five shillings, in consequence of their not answering the market.

Would not the same inconveniences arise in the purchase of grain as in the purchase of linen?—Certainly there would, but not so great.

Are not the purchases of grain in the north of Ireland made in one, two or three sacks at a time?—They are generally bought in sacks, one two and three, from each farmer.

Do the people of the north of Ireland manifest any wish for gold in preference to notes, or for notes in preference to gold?—They decidedly prefer notes, and the weavers have refused to carry gold out of the market lately.

Can you assign any reason for this preference?—There are many reasons that I could assign; the bank-notes are now the established currency, the people are perfectly acquainted with them; if a man should lose notes, or a house be robbed, or if there is a forgery, it would be much easier for them to trace the notes than it would gold; I have often assisted poor people, in tracing notes, that were robbed, and forged notes, whereas the gold could not be traced so readily. Another reason I would give is this: guineas became light and were troublesome to the people; when standing beam there was a shilling charged, and when lighter than standing beam, two and sixpence; and when gold was scarce, and bank notes not a legal tender, the land agents refused to take any thing but gold, the tenants were obliged to pay from one shilling to four shillings on a guinea discount, some agents would only take gold.

Do you think that feeling on the part of the tenantry of the country continues to operate so as to make them dread the introduction of gold?—I think those reasons, and the fear that gold may again get light, and the same circumstances occur, would induce them to prefer the notes to the gold, I can assign no other reasons than I have mentioned; I have known gold to have been sold two or three times a day in Armagh; I am certain the general loss in the country by the failure of the banking houses, although it might fall heavy on some individuals, was not felt in general by the country, as in the cases I have mentioned.

Do you mean to say generally, that the transactions in the province of Ulster, in the different markets, are conducted upon such a small scale of payments as would render the substitution of gold for notes under 5 *l.* inconvenient?—Certainly; I think it would be very inconvenient.

How do you remit the money you receive for the agencies that you conduct?—I remit to the bank at Belfast every Tuesday night, I make up the day's account, balance it, and send it off for the notes I issue; I take bills on England, Ireland, and Scotland, and my remittances at present are about 4,000 *l.* a week, formerly they were considerably more; they have limited their discounts, and now they are not so heavy as they were, nor will be so heavy.

Has that limitation proceeded from the want of demand for discounts, or that the bank have restricted their discounts?—They have restricted their discounts in consequence of the failures in England, and the uncertainty of the question now under discussion; and that limitation, I think, has done a great deal of injury in the

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(1 May.)

north of Ireland, and is doing injury, as many respectable people will not be able to procure discounts.

Have there been very recent failures in the north of Ireland?—There have.

Where?—There have been six in Newry in the course of the last ten days.

Do you attribute those failures in any degree to the want of accommodation from the banks?—I cannot exactly take upon me to say; I think the failure in the butter trade, and the other different markets may have injured the merchants that failed, and may have caused their failure; perhaps the limitation of discounts may have added to it, I believe it is partly caused by that, and partly by other circumstances.

What is the general date of the bills that you discount?—From twenty-one days to three months, twenty-one, thirty-one, sixty-one and three months, and sometimes a little longer, sometimes four months. I would wish to mention, if the notes were taken away the bankers would raise their discounts very considerably, for before the introduction of bank-notes the discounts were double. I have been a very long time in business, and I remember when the discounts were double what they are at present.

What was the amount of discount charged by discounters of bills formerly, when cash was the circulating medium of the north of Ireland?—The discount of 100 *l.* at sixty-one days was then 33 *s.* 4 *d.*, that is more than six per cent.

What is the discount at the present day of a bill of a similar date?—17 *s.* 1 *d.*; and I think if the usury laws should be done away, and the small notes were done away, that the bankers and gentlemen who have money might ruin the country by charging such discounts and interest as they thought proper.

Is it your opinion, from that fact, that if gold was again made the circulating medium of the country under 5 *l.*, discounts would be raised to the scale they were at when it was the circulating medium formerly?—I have not a doubt they would, for the bankers could not procure the gold to enable them to discount lower, and many of them, I think, would be obliged to give up the business of banking.

Can you take upon yourself to say whether the discount of paper in the north of Ireland, and the other accommodation given by the bankers, is necessary for carrying on the actual and ordinary business of the country, or is it ever had recourse to for the purpose of extending mercantile speculation?—It is in part certainly for extending speculation.

Does not that bear a very small proportion to the discounts that are obtained for the common trade of the country?—The speculation is certainly small in proportion to the general trade of the country, but still there is considerable speculation.

Can you describe of what nature?—There is speculation in the linen trade, there is speculation in the grain trade; the merchants are induced to go beyond their capital, and to discount their own bills payable at the bank; for instance, if there has not been a demand for the linens, and their capital is lying in London, it is necessary that they should be enabled to go on with their business, otherwise their greens would be idle, and in that case the banks accommodate them with discounts.

Are you of opinion that speculation is ever directed to produce a so-much larger quantity of linen than the market may demand, as is applied to the production of cotton—that is, is the speculation directed so much to create an over production of linen as it is to create an over production of cotton?—We have very little of the cotton trade in our country at all, I do not know that there is any speculation in cotton in our part of the north of Ireland, in Belfast there is a cotton-mill.

You state that when gold was the currency, they charged above the legal rate of interest; how were the usury laws evaded?—It was very little above; I believe there was no person to put them in force.

Did they run their chance?—I believe so.

Do you think the usury laws produced any effect whatever upon the discount of bills?—I do think if they were repealed, that then advantages would be taken.

If there had been any person to prosecute for that evasion of the usury laws, do you think he must have succeeded?—I should think he must very often.

You are quite satisfied that an evasion of those laws took place?—I am sure there was.

What do you think would be the effect of imposing an obligation upon the Bank of Ireland, and all banks in Ireland, not to issue notes below 3 *l.*?—I think it would be attended with very great inconvenience in the north of Ireland.

Why should not a paper currency of 3 *l.* and above, and a gold circulation of sovereigns

sovereigns, answer every purpose that is required for the circulation of the north of Ireland?—I think the whole profit of the banker proceeds from the issuing of the small notes; if they were called in, I do not think that any bankers of the north of Ireland would continue, for I cannot see how they could make any profit, unless by getting discounts at a very high rate.

Do you think that would lessen the amount of commercial transactions in the north of Ireland?—Very much.

Why should not the north of Ireland be able to conduct its commercial transactions in the same way in which the Liverpool merchants conduct theirs?—The transactions are very different in the north of Ireland—the transactions of Liverpool are very large, in the north of Ireland they are very small; for instance, linen webs in our market do not amount to more than 1 *l.* or 30 *s.* or perhaps 2 *l.* each; there are a great number, 7,000 pieces, of them sold in Armagh every market day, and the different towns in the neighbourhood of Armagh are all similarly circumstanced.

Are not the dealings in the yarn market in still smaller sums?—Yes.

Do you apprehend that all the dealings of the thousands of manufacturers who inhabit Lancashire, are all large commercial transactions?—Their sales are large, and they generally employ a great many to carry on the works. In Ireland every weaver weaves his own web and brings it to market.

If the payment of wages, and the purchase of provisions can be conducted in Lancashire with a gold circulation, what should prevent a gold circulation from conducting all the transactions that may be necessary in the north of Ireland?—I am sure they may be conducted with gold, but I think we would not be able to have that quantity of gold necessary to carry on business on so large a scale; were the small notes done away, we should have no adequate capital, for our capital just now is more than one half credit.

Is the capital in the north of Ireland now as large as it was previous to the year 1797?—The capital is, but there is more of credit capital now than there was then.

How was the north of Ireland able to maintain a gold circulation previous to 1797, when there was not a gold circulation in other parts of the country?—I believe it was occasioned by the landlords refusing to take any thing but gold.

Could the landlords take any thing but gold for small payments, if the banks were prohibited from issuing notes below 5 *l.*?—I cannot say; if there was an advantage upon it, I dare say the agent would require gold and charge a discount.

If they did require gold, do you apprehend that a gold circulation could be maintained in the north of Ireland?—I think it could if we had sufficient of it, but there is not capital to produce the quantity of gold necessary.

Of course the northern bank has dealings with the Bank of Ireland?—I believe the Bank of Ireland discounts for them if it be necessary, but I suppose they trouble them as little as possible.

Is not the bank with which you are connected compelled to pay its notes in gold at the option of the holder?—It is, but the people do not require gold; I believe they give them gold when they require it.

If they did require it, you would make provision to pay them in gold?—I could not make provision for the quantity of notes I circulate, unless I got it from the bank.

Are there certain deposits upon which you could rely, so as to be enabled to pay all demands in gold?—I suppose the bank has deposits in Dublin sufficient for all demands.

Supposing they made a demand upon the Bank of Ireland for gold, in lieu of those deposits, which they have a right to do, what is to prevent them from providing the north of Ireland with a gold circulation?—To pay in gold, they would be obliged to have their whole capital paid in; at present it is not; there is only one-fourth of the shareholders would be obliged, in that case, to pay in their whole capital.

Do you apprehend there would be any hardship in compelling persons who contract to pay 100 *l.*, on condition that they should be entitled to the profits of a certain bank, to fulfil the condition of their original contract?—I believe there would not be any hardship in obliging them to do it, but I think the banks would be apt to dissolve, for I cannot see how they could possibly make profit.

You think the banks in Ireland could not subsist if the shareholders in the banks were compelled to pay up the amount of their shares?—I think they could subsist, but they would be obliged to raise the rate of discount, otherwise they

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could not possibly have any profit arising from the business, and it is unpleasant to carry on a business without making something by it.

You think the mere profit of discount, unaccompanied by any profit from the circulation of their notes, would not be sufficient to maintain banks in Ireland?—I think not, if the small notes were withdrawn.

What rate of interest do you charge now?—Five per cent.

Supposing you charged six per cent, on condition that your issues were in gold, do not you think the business of discount might be continued?—I think it might; but it would be a very heavy burthen on the public.

Do you apprehend that the inconvenience would be more than this, that the public would be called upon to pay one per cent more for the facilities they got in the way of discount; is that the limit of the inconvenience?—I think that would be the limit of the inconvenience.

Do the Belfast banks allow any interest on deposits?—The northern bank allows three per cent now; they did allow two per cent when they discounted at four per cent.

Do they express in their accountable receipts that the sum is payable with interest?—I do not receive the deposits, if I do I forward them to Belfast immediately.

Have you seen receipts for deposits?—I have.

Do they express that the deposit is payable with interest?—I do not recollect, I have not seen any lately.

If instead of increasing the interest on discounts they diminished the rate of interest on deposits, could not they equally well carry on the business of banking in gold as in a paper currency?—I think not.

Would not the effect be the same to the bank, of increasing the rate of discount one per cent, or diminishing the interest they allow on deposits one per cent?—I think not; I cannot take upon me to say how that would operate.

How do they get their notes into circulation?—By discount is one mode; I get my supply regularly from the bank every week, and send in a statement how that is disposed of, and send the amount in bills.

Do you pay any gold at your bank?—No, any gold that is paid to me I generally keep for those people that are coming to England, or for those who have to pay excise.

Whom you accommodate with it?—Whenever I have any I give it to those who may require it.

Can you form an opinion whether in the general course of the currency the gold returns to Belfast or remains in the country circulation?—A great deal of it comes over to England, at least what I give out generally does.

Do you ever get supplies of gold from Belfast?—No, I never asked them for any, I do not suppose you would get a hundred sovereigns in the town of Armagh: any gold that comes there generally goes into the Excise-office.

Are not the Bank of Ireland notes received at the Excise-office?—They are.

Do they receive private notes?—None but the Bank of Ireland.

Can you form an opinion whether the country people prefer a Bank of Ireland note or a guinea?—They prefer a Bank of Ireland note; the Bank of Ireland notes are sought for at a premium; the premium on small notes is $\frac{1}{4}$ per cent, and for large ones $\frac{1}{2}$ per cent, that is the uniform practice.

If a man had one hundred sovereigns and another man had a one hundred pound Bank of Ireland note, would the man who had one hundred sovereigns be obliged to give something in order to get them exchanged for the one hundred pound note?—He would give 5 s., and be very anxious to get it, for the remittances are all in Bank of Ireland large notes or bills.

Do you apprehend there could be any danger in establishing a gold circulation in a country in which there is such a disposition to get rid of gold?—I do not think there would be any danger in establishing it, but I think the agricultural interest would suffer, and the linen trade.

Do you think if there was a gold currency, you would have the Bank of Ireland notes in the same abundance in which you now have?—I cannot tell, but I think we would have a great number of them for a considerable time at least.

Supposing there were a gold circulation instead of small notes, how would that operate to prevent the circulation of large notes?—The large notes only circulate for remittances.

Do

Do you receive deposits for the northern bank?—I do not, but I receive a great deal of money from the different land agents in the country, it is paid in to me.

Do you receive deposits upon which interest is paid?—No, I do not; any thing of that sort is sent to the bank.

You are not authorized by the bank to do so?—No.

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(1 May.)

James Orr, Esq. called in; and Examined.

WITH what bank are you connected?—The Northern Banking Company.

James Orr, Esq.

The seat of their establishment is at Belfast?—It is.

Will you state to the Committee what in your opinion would be the effect of a law which should prevent the issue of notes below 5*l.*, either by the Bank of Ireland, or any other banking establishments in that country?—It would have the effect of the banks doing less business.

Would it be attended with any advantages in other respects; would it make the circulation of that country more secure in your opinion?—I think it would make the circulation more secure.

Would it make the circulation of Ireland more secure, provided the basis of that circulation was a gold currency instead of a paper currency?—I think it would.

Do you think there ever was a country that suffered so much as Ireland has done, from the failure of country banks, and their inability to discharge their obligations?—No doubt it has suffered a great deal.

Do not you think it has retarded the improvement of the country?—In the south of Ireland I apprehend it has.

Do not you think there have been to individuals, the most cruel cases of distress arising from the banks being unable to pay their one and two-pound notes in the hands of the lower class of peasantry?—No doubt there have been.

What would be the difficulty of providing a sufficient quantity of gold for conducting the circulation of Ireland?—It would be more expensive than paper.

That is, it would lessen the profits of the bankers?—It would lessen their means of doing business.

Does your bank receive money on deposits?—It does.

What is the interest it pays?—Three per cent, if the money remains three months or longer; two per cent if it remains less than three months.

In what way does it effect issues of its notes?—By discounting bills.

Does it issue its notes on cash credits?—Occasionally.

What interest do you charge?—At the rate of six per cent, when we advance.

What do you charge upon the discount of a bill that has two months to run?—At the rate of five per cent.

What is your reason for making a distinction between the sum charged on a cash credit, and the discount of a good bill?—We consider the discount business safer, and it is also more profitable.

Do you think you could carry on your business of discount to the extent to which you carry it on now, provided you charged six per cent on the discount of bills, and instead of issuing notes under 5*l.*, made your issues in gold?—We could not do so much business.

Supposing you were prevented from issuing notes below 5*l.* and that you charged six per cent upon the discount of bills instead of five, could not you with that additional charge of one per cent, conduct your business to the same extent to which you do now?—I do not think we could.

You think parties would not make the same applications for discount that they do now?—The issue of notes gives us additional capital.

Would the additional charge of one per cent on discounting bills, pay you a sufficient profit to make up for the additional expense you would incur by being prevented from issuing your own notes?—If the question is whether we would have as much profit, I rather think we would, but we could not do the same extent of business.

Therefore the gross profit upon the whole would be diminished?—I am not sure that we would not have as much profit.

Then what would be your objection to adopt that plan?—I do not mean to say that, as a banker, I would have any objection to such a change as you mention.

Do you mean to say that you would not do so much business in the course of

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a year, if you were to discount in gold at six per cent instead of discounting in paper at five per cent?—Yes.

But the larger profit upon the smaller quantity of business would, in your opinion, be as great in amount as the smaller profit upon the larger quantity?—That is at present my opinion.

Are you acquainted with the south of Ireland?—No.

Do you know what the extent of the failures of private banks was there?—I know that a great number of failures did take place there.

Do you know what the present general rate of rents are in the south of Ireland?—No.

Do you know what the rents payable were before the year 1797?—No.

Upon what grounds do you form your opinion with respect to the operation of private banks in the south of Ireland?—From what I have heard in conversation.

You stated that the south of Ireland has suffered greatly from the private banks?—I did.

By the failure of them they lost something?—Yes.

Can you form an opinion whether during the continuance of those private bankers the south of Ireland did not advance very materially indeed in prosperity, in every point of view?—I believe in many parts it did.

Can you form an opinion whether, upon the whole system of private banking in the south of Ireland, the advantage derived from the banks during their continuance was or was not counterbalanced by the loss occasioned by their failure?—I cannot.

You cannot undertake to say whether the establishment of private banks was not, upon the whole, advantageous to the south of Ireland?—I cannot.

Do you reside in Belfast?—I do.

You are one of the officers of the Northern Banking Company?—I am one of the directors.

Do you pay interest upon your deposits?—Yes.

Do you give accountable receipts to persons that deposit money with you?—We do, or enter the amount to the credit of the depositors in pass books, if they have running accounts.

Do you, upon the face of those receipts, express that interest is payable upon those deposits?—We do not.

Then what remedy has the depositor to recover interest if you think fit to refuse it to him?—I do not think he could compel us to pay interest; but if we committed a breach of faith, by refusing it after promising, people would cease to deal with us.

Why do you not express that in the receipt?—Because there is an old law, which states that a banker's receipt with a promise to pay interest is void.

Then are the Committee to understand that the Northern Bank has established itself upon the foundation of an act of parliament of the last session, in direct opposition to the existing law of the land?—The law of the land does not say a banker shall not pay interest; it only says, that if he gives a receipt promising to pay interest the receipt is void.

Does it impose any penalty upon issuing an accountable receipt payable with interest?—I believe there is no penalty upon the bank.

Is not there a forfeiture of the money?—Certainly the depositor could not recover it if the receipt contained an engagement to pay interest.

In point of fact, do they pay interest?—They do.

Can any person at any time he pleases call for his account and the interest upon it?—Yes.

Do you calculate interest daily upon both sides of the account?—Yes.

According to the custom of merchants?—We allow three per cent if the money remains three months or longer, but if it is a daily interest we allow only two per cent.

Then any person upon his account current can have the balance at two per cent, upon demand?—Yes.

When the Northern Bank was established, was not there at that time a bill before parliament, containing a clause for the repeal of that clause respecting the payment of interest on deposits?—It was then in contemplation to apply for a repeal of that clause.

Was not there a very general impression amongst the banking establishments in Ireland, that that clause of the old act of parliament would be repealed?—There was and is a general impression that it ought to be, and will be, repealed.

Have you ever heard of the payment of interest on deposits having been actually disputed

disputed by bankers, upon the ground of the illegality of the transaction?—I have not.

You are acquainted with the nature of the transactions at the different markets and fairs throughout the province of Ulster, are they conducted in payments generally under 40*s.*?—I should suppose there were many more under 40*s.* than above.

In the linen market, the grain market, the pork market, and the butter market, are not generally the payments made in sums under 40*s.*?—I should think the payments in the grain and butter markets in Belfast were made in sums principally above 40*s.*

Are they generally under 5*l.*?—I should think through the country they are under 40*s.*

Would you, as a banker, for the comfort and safety of your transactions, prefer that the circulation of the country should continue in notes under 5*l.*, or that gold should be substituted for them?—In those respects I think it would be advantageous to the bankers if small notes were withdrawn, and gold substituted for them.

Pierce Mahony, Esq. called in; and Examined.

YOU are solicitor to the Provincial Banking Company that has been lately established in Ireland?—I am.

Have you had many opportunities of seeing how that system of banking has worked in Ireland?—Yes; it has been my duty to inquire particularly into its effects and working, and it has been very beneficial to Ireland, where a considerable improvement in the banking system has taken place since the formation of the Provincial Bank of Ireland, by the introduction of the Scotch system.

Where have the establishments been formed?—At Limerick, Cork, Clonmel, Wexford, Belfast, Londonderry, Sligo and Galway, eight in all; I believe a branch at Waterford is opened by this time; and the other intended establishments are, Kilkenny, Athlone, Ballina, Armagh and Newry.

Have those establishments been received with confidence by the people of Ireland?—Certainly; but there was in Cork, upon the 1st of March, a run upon the bank for gold, which was created by Mr. Pike's death, the consequent suspension of business at his bank, and Messrs. Leslie's failure; there was no kind of demand of that nature anywhere else; the engagements of the bank are uniformly paid in gold at each of its branches, and the Cork establishment paid in that way: each branch issues notes, dated from the place of issue, and payable at that place, and those notes are taken (not as a matter of right, but in the course of business,) at all the other branches, as well as at Dublin by Messrs. Latouche, who are agents to the bank.

When you say they are taken in Dublin at the agents, have they a right by law to establish an agency in Dublin?—Yes; by the act of last year, the Provincial Bank of Ireland has a right to establish an agent in Dublin, but they have no right in themselves to establish any house of business in Dublin, or within fifty miles of it.

Do you mean an agent for the payment of their notes?—For the general business of the bank.

You do not mean to say that they have a right to have an agent to circulate their notes?—Certainly not, at Dublin, or within fifty miles of it; as by the act of last year joint stock companies are prohibited from issuing or re-issuing their notes payable to bearer on demand, within that circle; and, in consequence, the Provincial Bank of Ireland agents do not do so.

Have those branches of the Provincial Bank of Ireland issued notes to any large amount in those different places?—They have to a considerable amount, considering the short period since they were established. The first branch was opened on the first of September last, the next two were opened in November; as I am sure the chairman of the Committee has got from the bank itself a return of its issues, and of the times when those banks were opened, I shall not trouble the Committee with any further detail in answer to this question.

If the banks were prevented from issuing notes under the amount of 5*l.*, would any inconvenience arise in conducting the trade of the south of Ireland?—The trade of Ireland generally, and especially in the south of Ireland, would be greatly inconvenienced, and the growth of manufactures would be decidedly checked, if not destroyed, by such a measure. From the great sub-division of land in Ireland, and

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Pierce Mahony,
Esq.

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particularly in the south and west (where the population is almost exclusively agricultural), the produce is disposed of in small portions, scarcely ever representing 5*l.*, and almost universally under that amount; I am of opinion, that the withdrawal of all notes under that amount would have the effect of curtailing the accommodation the banks now afford the public, to a ruinous extent, and that the trade of the country under such circumstances would not afford profitable employment for banking capital to any extent, and therefore I should anticipate the withdrawal of such establishments, except perhaps at Cork and Belfast. In the south and west of Ireland, from the nature of the provision and corn trade, the chief demand for notes or for gold commences in October and continues until March, when that trade is nearly over for the season. From March until October, the butter trade is almost the only one in the south and west of Ireland, and as that trade would not employ all the capital that is required in the winter season, the effect would be, if sovereigns were substituted for small notes, that the extra supply required for the corn, beef and pork trade, must remain idle in the banker's chest, or be remitted, at great risk and expense, for employment elsewhere during the summer and autumn. To exemplify my statement, I will suppose an issue of 100,000*l.* to be the minimum at Cork in the summer months, and my opinion (from the best information I could collect, as well as from my experience of the operations of the Provincial Bank) is, that to meet the increased demand in the winter, a stock of 170,000*l.* in either gold or paper would be necessary; so that to keep out in the circle 100,000 sovereigns, it would require in the ordinary course of business of a bank in the south of Ireland, 70,000*l.* dead capital, or about that proportion; the consequence of which would be, to check the employment of capital in banking there, as though the banker could afford to hold this additional stock in notes, which only cost the stamps, &c., yet the trade of Ireland is not sufficient to remunerate for such an expense as would be incurred from holding a dead stock of gold.

If the notes were withdrawn, would a banker discount as freely in sovereigns as he would have done in notes?—Certainly not, because profit would be decreased much below the difference of profit to be derived from the issue of notes instead of gold; as in the latter case, from the profit on actual discounts received by the bank, the loss of interest on the stock in gold, which must be kept in the banker's chest to meet the natural fluctuations in a circulation of any given extent, should be deducted, and consequently any rate of discount received by the bank would be reduced in that proportion.

Do you think that the banking business has been carried to any prejudicial extent in the south of Ireland?—Certainly not at present; there are only two banks doing any business of consequence in that district, the Bank of Ireland, and the Provincial Bank of Ireland. There is another bank, Messrs. De La Cours at Mallow, and Redmond & Co. at Wexford, but their business is very limited. The situation of Ireland and England is so very different, that though the withdrawal of small notes in this country may not be felt, yet, when I compare the circulating medium of the two countries, and find that of Ireland does not exceed six millions, with an unemployed population of about seven and a half millions, and that to raise the rate of wages from 4*d.* to 1*s.* for two millions of that number, twenty millions additional capital would be required; I conclude that nothing would be more injurious to Ireland than an extension of that measure, as I consider it would be more desirable to enlarge, than contract her currency.

Do you now speak of all the banks, the Bank of Ireland being included?—Every bank; 4,883,528*l.* is the issue of the Bank of Ireland.

Are you speaking of last year, or the average of years?—An average of years, taken from the return made to parliament.

What do you suppose is the present circulation in Ireland?—About six millions; because I deduct from the total amount stated in the returns, which is about 6,580,000*l.*, the 580,000*l.* as for the notes in the chests of the bankers, and not, of course, circulated by the public.

Supposing the channel of circulation was filled with sovereigns to the same degree to which it is now filled with notes, would the bank have the same power to discount now that they had formerly?—Certainly not, for the reasons I have before stated, and because one is an operation of capital, and the other is an operation of credit; bankers can accommodate the public with notes when they cannot do so with gold; and from what I know of the state of capital in Ireland, and in particular that employed in banking, I am satisfied the effect of prohibiting the issue of notes under 5*l.* will be to withdraw a great portion of the present banking capital

capital from that employment, inasmuch as it could not, under the circumstances of the country, in my opinion, make a return equal to common interest of the country, six per cent. There was an experiment tried some years ago by Messrs. Eyre & Williams, to discount in Bank of Ireland paper, (which in the hands of the discounters represents gold,) at Armagh; Mr. Williams told me, after trying it to a considerable extent for some months, that it did not even pay the postages, though there was not a bad debt made, and consequently they withdrew; and at present the Hibernian Banking Company do not find the banking business makes a sufficient return for capital, even at Dublin, because they cannot issue notes of their own.

Do you think, if a metallic circulation was adopted, that there would be a difficulty in maintaining that metallic circulation?—I do; because the trade in the south and west of Ireland is periodical; the remittances from those districts of Ireland would force the gold away at certain periods, and it must be returned at others with considerable expense, to meet the trade of the country. There are no manufactures to any extent, and consequently there is no continued employment for capital.

Has there been any disposition lately manifested in the south for payment in gold?—Yes; upon the suspension of Mr. Pikes, and the failure of Leslie's banks, there was a considerable local demand at Cork; the consequence was, when I went down there early in March, and up to the first week of April, when I left it, I was informed that the demand was so great that gold was at a premium so high as sixpence; about the 2d of April, and at the time I left it, it was as high as twopence.

How do you mean that the premium upon gold was as high as sixpence?—The parties who wanted gold, and could not get Provincial Bank paper, which alone was paid in gold at Cork at that time, went to money-brokers with Bank of Ireland notes, with which they paid that amount of premium for gold; and one of them, Mr. Burke of Cork, told me, that he, (during the panic,) got as high a premium as sixpence in exchange of a Bank of Ireland note; and at the time I made the inquiry from him, the first week of April, he told me that he got twopence.

The branch of the Bank of Ireland at Cork does not pay in sovereigns?—Not of right, or at all at the time I have stated; but I understand since that time the agents give sovereigns as matter of accommodation to persons coming to England, or emigrating to America.

Do the branches of other banks pay in sovereigns?—The Provincial Bank, which is the only other bank there, pays in sovereigns.

Then what occasion had the people to pay a premium for gold?—The issue of the Provincial Bank of Ireland was not equal to the demand for sovereigns, though every note of that bank presented at its office was promptly paid in gold.

Can you state from your own experience that there were many exchanges of Bank of Ireland notes, paying that rate for sovereigns?—I did not witness any of these transactions myself, but hearing that the fact was questioned before this Committee, I communicated with Mr. Fitzgibbon, (who was examined before the Committee on the butter trade,) Mr. Hackett, and several other gentlemen from Cork and now in London, upon the subject, and they confirmed what Mr. Burke told me at Cork, as I have stated, and agree with me in saying that it was perfectly notorious.

Does not that show a desire upon the part of the population of the country for the possession of gold?—Certainly, but that arose from a panic.

Has that gold got into circulation do you think?—I did not perceive that it had, at least it did not flow back to the bank.

Then what has become of the gold?—I fancy it is hoarded by the country people, and some portion taken away by the emigrants to America.

Does the demand for gold at Cork continue?—Up to the time I left it, which was about the 6th of April, it had continued.

Do you know whether it continues now?—I believe it does, though the demand has certainly decreased.

What becomes of the gold so issued?—Those who had been alarmed by the failures of the banks, I believe, have hoarded it, and part has been taken away by the emigrants: it has not appeared in the circle.

Do you know whether it has appeared in the common transactions of traffic in the markets and fairs?—I believe not, and my experience does not show me that it has.

Is there, in point of fact, in the transactions conducted at Cork, a much larger demand for currency at one period of the year than at others?—Yes; the beef, pork, and corn season, produces a demand for accommodation from the banks to a considerable

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considerable degree beyond what there is in other seasons of the year; for instance, from this time till October the demand is not at all equal to what it is from October to March.

Would that circumstance occasion more expense to the banks to maintain the circulation in gold than in paper?—Certainly; because they must either bring the gold from the source where it is to be got, to Cork, at that season, and return it; or else they must keep the surplus idle in the interim.

Are you not aware that a great proportion of the distress in the south and west of Ireland has been occasioned by the failure of private banks?—Certainly; I can give the Committee a list of the different banks that have failed within my recollection, say twenty years; there was one at Clonmel, one at Carrick-on-Suir, two at Waterford, two at Kilkenny, one at Nenagh, one at Newry, one at Dungannon, one which had establishments both at Dublin and at Tuam, two at Dublin, three at Cork, one at Fermoy, one at Youghall, one at Tralee, three at Limerick, one at Galway, and one at Charleville. I can state also the banks that have withdrawn during that period; there have been two at Waterford, one at Birr, one at Derry, two at Galway, two at Cork, and one at Limerick. I have also a statement of the different banks, with their agencies, that existed prior to the establishment of the Provincial Bank of Ireland, taken from a return to the Commissioners of Stamps at Dublin.

[The same was delivered in, and read as follows:]

LIST of Banks and Branches of Banks in Ireland, prior to the establishment of the Provincial Bank of Ireland.

In Dublin	- - -	Bank of Ireland. * Hibernian Banking Company. * La Touche & Co. * Finlay & Co. Sir Robert Shaw & Co. Ball & Co.
In Belfast	- - -	Northern Banking Company. Batt & Co. (Belfast Bank.) Tennant, Caldwell & Co. (Commercial Bank.)
In Cork	- - -	Joseph Pike. Charles Henry & John Leslie.
In Mallow	- - -	Robert De La Cour & Co.
In Limerick	- - -	* Thomas & William Roche.

In all, thirteen banks, of whom those marked * do not issue their own notes; but Finlay & Co. were in the habit of issuing post bills.

Agencies had been established at the following places, by the Banks under specified, viz.:

Places.	Agencies of
Armagh	Northern Banking Company. Tennant, Caldwell & Co. Batt & Co.
Ballymena - - -	Northern Banking Company. Batt & Co.
Banbridge - - -	Northern Banking Company. Tennant & Co. Batt & Co.
Belfast -	Bank of Ireland.
Coleraine -	Northern Banking Company. Tennant & Co. Batt & Co.
Cork - - -	Bank of Ireland.
Cootehill - - -	Tennant & Co.
Cookstown - - -	Tennant & Co.
Downpatrick - - -	Northern Banking Company. Batt & Co.
Dungannon - - -	Northern Banking Company. Tennant & Co. Batt & Co.
Derryleran -	Ball & Co.
Dundalk - - -	Batt & Co. Ball & Co.
Londonderry - - -	Bank of Ireland. Ball & Co. Batt & Co. Northern Banking Company.

Lurgan

Places.	Agencies of
Lurgan - - - - -	Northern Banking Company. Tennant & Co.
Monaghan - - - - -	Northern Banking Company. Tennant & Co. Ball & Co.
Magherafelt - - - - -	Northern Banking Company.
Newry - - - - -	Bank of Ireland. Northern Banking Company. Tennant & Co. Batt & Co. Shaw & Co.
Armagh - - - - -	Ball & Co.
Strabane - - - - -	Ball & Co.
Tanderagee - - - - -	Northern Banking Company. Tennant & Co.
Waterford - - - - -	Bank of Ireland.

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In all, forty-three Agencies.

In point of fact the paper circulation of the south and west of Ireland is now pretty much confined to the notes of the Bank of Ireland, and of the Provincial Bank of Ireland?—Almost entirely.

Can you state the capital of the Provincial Bank of Ireland?—The subscribed capital is two millions, 300,000 *l.* of which has been called up.

What number of partners are there?—They exceed seven hundred.

Each individual is bound to the whole extent of his property?—To the full extent of his property.

In point of fact, is not the principle upon which the Provincial Bank of Ireland conducts its business at present, considered in Ireland to be one over-restrictive and cautious for the wishes and demands of the country?—It is, but their payment of interest has given great satisfaction, and increases to do so. They pay interest not only upon deposits, but upon the daily balances on current accounts, according to the Scotch system, which, in my opinion, will tend to produce frugal habits and accumulation of capital, so very much to be desired in Ireland.

What interest do they pay?—Two per cent every where but in Belfast, and in Belfast it is three, on deposits remaining with the bank for three months; which arises from the Belfast banks, who paid interest, having raised their rates shortly before the Provincial Bank of Ireland opened there, and they were induced to pay this additional rate in order to conform to the custom of that place. They discount at five per cent.

Is it proposed, or is it in the contemplation of those who have the management of the concerns of the Provincial Bank of Ireland, to give cash credits?—Yes, they have given cash credits, but latterly they have restricted them, on account of the present uncertainty regarding the currency; heretofore they have given cash credits in Cork to some extent. I believe there are very few instances in which they have been given elsewhere.

Where is the head-quarters at which the business of the Provincial Bank of Ireland is regulated?—In London, by the court of directors there.

You have no such establishment in Ireland?—No, we have local directors and managers at each place where business is done.

And they are in the habit of receiving their instructions from the board of directors in London?—Yes; the managers correspond with the court in London almost daily, and they transmit a weekly return of all their proceedings, as well as their minutes of cash transactions, to London, and they receive their orders from thence.

Are those local branches in Ireland superintended by a particular person?—They are, by a manager at each place.

Can the local directors take upon themselves, without the approbation of the manager, to transact the business of the branch?—Certainly not, they cannot do any business that he does not approve of, he has an absolute veto.

There is a manager at each of the branches?—There is.

And a board of directors at each of the branches?—Yes, the business is conducted at each branch by a manager, who has the authority of a director; he sits with them, and if they differ with him in opinion, the particular business is suspended, and referred to London; he cannot himself do any business that the directors disapprove, neither can they do business that he does not agree to.

Is the manager a proprietor?—Not necessarily, he is an officer of the company.

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Is he excluded from proprietorship?—No; there is *one*, Mr. Murray, manager at Cork, who is a proprietor.

By whom are the managers appointed?—By the London board exclusively.

The local directors are proprietors?—They are, they must be proprietors to be eligible as directors.

Do you not suppose that the Provincial Bank of Ireland is proceeding more in the line of endeavouring to ascertain the exact bearings of the commercial interests and the banking system of that country, than with any immediate view of profit?—Yes, we cannot call what has been done in Ireland at present more than an experiment; the banks have been so lately opened, that they could not have entered generally into business to any great extent, and some of their arrangements are not fully completed.

In point of fact, those who have the direction of the bank are as it were, feeling their way as to what will be profitable transactions for them to conduct in Ireland?—They give all fair accommodation that is required of them, at the same time the extent of their operations compared with what they are likely to become, cannot be called any thing more than a trial, but they refuse no fair accommodation.

Do you know whether that system of cash credit has been received with favour in Ireland?—At first it was not understood, for the people had been in the habit of over-drawing their accounts with bankers upon mere personal credit; that system is at present put an end to, by the Bank of Ireland and the Provincial Bank of Ireland invariably refusing to permit such a practice.

Are they conducted upon the principle of Scotch credits?—Exactly; there are cash bonds given by two sureties, and there are some cases where cash credits are allowed upon a loan of government stock transferred, and some instances in which they have taken landed security.

There is a credit bond given, limiting the extent to which the credit is to extend?—Yes.

What rate of interest do you charge upon cash credits?—Five per cent.

Is that charged upon the sum actually drawn?—Only upon the sum actually drawn.

How long have those cash credits been given?—Since the establishment of the Provincial Bank of Ireland, at Cork, in last September.

Who have the power of giving cash credits?—The local boards have the power to the extent of 1,000*l.*; if the application is for more than 1,000*l.* it must be referred to London.

Do you advance cash credits upon landed security?—Yes, there have been a few instances in which landed property has been taken as a guarantee in lieu of two sureties by bond.

Has that been to any considerable extent?—No.

Are those cash credits upon landed property for indefinite periods?—The cash credits give the bank the power to recall at any period they please, and they are not granted except for mercantile purposes. In Cork, there were two or three instances in which the parties (who were very respectable,) preferred pledging their real property to asking any persons to join them.

Was it understood when that pledge was given, that the money was to be repaid within a certain time?—Whenever demanded; it being distinctly understood by the parties that they must repay the money, getting at the utmost three months notice.

In the instances where landed security has been given, has that been accompanied with a bond from two individuals, who make themselves responsible for the advance?—No, it is a substitution for that; but the principal gives a bond in all cases.

Are the managers at the local banks paid salaries by the company?—They are.

Are the directors?—The directors are given amongst them a small sum, more to ensure a punctual attendance than to give any remuneration, and the sum so appropriated is divided according to their attendances.

Do you think that your bank could continue to give the accommodation of those cash credits, if the power of issuing notes under 5*l.* were withdrawn?—Certainly not.

Since the agitation of this question have they in point of fact declined to give any new cash credits that have been applied for?—Peremptorily in all cases.

In cases in which you would otherwise have given those credits?—I cannot say what the court of directors would do, but judging from what they have done, and knowing

knowing the applications, I believe they would have been granted if this question had not been agitated.

You stated that the suppression of notes under 5 *l.* would be extremely injurious, in your opinion, to the circulation in the south of Ireland?—Certainly; making comparison between England and Ireland, I will state why I think so. From the best information I can collect, the circulating medium of England in gold, in private bank paper, and in Bank of England paper, before the panic, was equal to fifty-eight millions; I will state the mode of calculation; eighteen millions of gold or metallic currency, twenty millions of private bankers paper, twenty millions of Bank of England paper; I find that the duty upon commercial bills in England actually paid amounts to 675,563 *l.* 1 *s.*, in Scotland it is 115,307 *l.* 7 *s.* 5 *d.*, while in Ireland it is only 67,839 *l.* 15 *s.* 10 *d.* This calculation shows me that there is such a disproportion in the commercial transactions of Ireland, as compared with the other two countries, that the bankers in Ireland cannot have but the value represented by 67,000 *l.* of stamps to discount. Therefore, if the small notes were prohibited in Ireland, the banking business to be done would not, in my opinion, be sufficient to remunerate banks with sufficient capital, though it might be otherwise in England. In Ireland the whole of the issue does not exceed 6,000,000 *l.*, and I find that of the 6,000,000 *l.*, 2,786,978 *l.*, or about one half, are in notes under 5 *l.*

Supposing the restriction were to be confined to notes of 1 *l.*, and that you were allowed to issue notes above 1 *l.*, do you apprehend the same inconvenience to the circulation in that state of things, as under a restriction to issue no notes under 5 *l.*?—No. It would be much better that they should be allowed to issue notes of 2 *l.* and 30 *s.* than not, but I would say that the country ought to be prepared for even that change, by having an opportunity of diffusing a proportionate quantity of gold throughout, before such restriction, on one-pound notes, takes place. At present there is no means of doing so, as there is no establishment in Ireland which pays in gold at more than one place, save the Provincial Bank of Ireland. If there was some basis of metallic currency generally diffused over the country to work upon, we would be better prepared for any changes.

Have you heard any dissatisfaction expressed by the public at the Bank of Ireland not paying their notes in gold, at the places where they are issued?—I went down to Cork on the 9th of March, and I came from it about the 6th of April; I can speak for that period of time in Cork, and there certainly was dissatisfaction expressed, but I did not hear it generally at any other time.

Were you one of the persons who tried the question with the Bank of Ireland, whether they conceived themselves bound to pay in gold at their branches?—Yes; at Cloumel, in August last, the local directors informed the deputation that the Bank of Ireland agent there had intimated that he would demand gold from the Provincial Bank, and that he would not pay gold to them, and to try the question, it was agreed that we should make a demand for gold, and I was the person that did demand from Mr. Scott, the agent, gold for three notes of 100 *l.* each. At that time the notes of the Bank of Ireland were payable *generally*. I have here the protest, which is dated the 17th of August 1825, and the answer given by Mr. Scott to the notary on the demand, as set out in it. It is this "that he had no directions from the Bank of Ireland to pay in gold, and that he had not so much gold in the house," this was on a demand for 100 *l.* I did hear that it was stated to this Committee that the answer given to me on that occasion was, that I would get it if I took it as a favour; such was not the fact. I told Mr. Scott the purpose for which I asked it, and that I would take any answer that he thought fit, and he told me he had no gold at all.

Have you tried the question?—No; the Bank of Ireland, and the Provincial Bank of Ireland subsequently agreed to take each other's paper, and pay the balances on the exchange by drafts on Dublin, at sight, and it became unnecessary to do so as far as the Provincial bank was concerned.

Then the question is still undecided?—There never was a legal question raised upon it, beyond what I have stated.

Have the Bank of Ireland altered the terms of their note in consequence of that?—They certainly altered the terms of their note upon the new issue, by limiting payment specially to Dublin; the form of the note was, "I promise to pay Mr. Nathaniel Low, or bearer, the Sum of One Hundred Pounds;" It was not dated from any particular place, nor specially payable any where.

Had it not at the head of it the words "Bank of Ireland," written?—It had.

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Is not the place called the Bank of Ireland, situated in Dublin?—The place called the Bank of Ireland, is in Dublin, but the company I conceive to be where-ever it does business.

At the time that note was issued, had it any branch but at Dublin?—Yes, at Clonmel.

When were the branch banks established of the Bank of Ireland?—About this time twelve months.

Were not they in the habit of issuing notes before that time?—Yes.

Is there at this moment any place that you call the Bank of Ireland but one?—No place that I call the Bank of Ireland but one, but at those places where they have offices, they have posted outside "The Bank of Ireland Office," especially at Cork, and their printed checks have these words, with the place where payable also.

Who are the conductors of the branch Bank of Ireland, at Cork?—Messrs. Cotter and Leycester.

Have the Bank of Ireland, at their branch in Cork, been in the habit of receiving gold to any extent in payments?—The revenue of the country is received exclusively in Bank of Ireland paper, and I know that our branches have been obliged to supply customers in a great many instances with gold, which has gone to the receivers of the revenue, and that being paid into the Bank of Ireland in the country by the collectors of customs, they have given a supply from our branches to the Bank of Ireland in that way.

In what manner do the branches of the Bank of Ireland remit those payments?—They remit them, I have heard, by a credit on their parent establishment in Dublin; the Cork branch must have also got a quantity of gold, for the executors of Mr. Pike, immediately after his death, paid a quantity of gold into the Bank of Ireland office at Cork, where Mr. Pike's notes were subsequently paid in Bank of Ireland paper.

Is it your opinion that this gold remained in the country for the circulation of the country, or that it was sent to Dublin?—I cannot form any opinion about it; I can only say, that Messrs. Latouche applied to the Bank of Ireland to get an order for the gold deposited by Mr. Pike's Executors at Cork, and I understood from them that it was refused. The Bank of Ireland might have wanted it for other purposes.

Do the Provincial Bank of Ireland issue post bills?—They do not.

Do the Bank of Ireland issue post bills at their branches?—They do. The way post bills were issued by the Bank of Ireland is this: they send down post bills in blank for the date and amount; not invariably, but they do to a great extent; those are filled up by the agents, when demanded, with any sum that the parties require, and dated by them at the branches; the consequence is, that they have no necessity for issuing bills of exchange on Dublin.

Are those bank post bills sent down from the Bank of Ireland to their agents at the branches, without any date or signature inserted in them?—They are signed, and latterly sent in books uncut; they are made payable to the agent at the place; for instance, Cotter and Leycester get their post bills payable (for security) at the bank in Dublin, "To Cotter and Leycester, or order;" they are signed by the clerk in Dublin but the date is blank and the amount is blank until they arrive at Cork.

Are they all endorsed by the agent at the branch?—When they are about to be issued they are.

Are they stamped?—No.

Are you acquainted with the conditions upon which the Bank of Ireland agreed to open their charter, so as to allow joint-stock companies in Ireland?—I am.

Are you also acquainted with the acts of parliament that have been passed since?—I am, perfectly.

Are you of opinion that the law as it stands under those acts actually conforms to that agreement?—In my opinion, certainly not; I conceive the agreement to have been, that joint-stock companies should be formed, having their establishments beyond fifty miles from Dublin, and that they were to have all the privileges which a bank composed of six persons had at that time in Ireland generally. I consider that the object of that agreement was to give them every privilege that was necessary for conducting a perfect system of banking, and I can find in no part of the agreement any restriction beyond that the individuals were to be responsible for the full engagements of the bank.

What are the restrictions under which you consider that joint-stock companies have been placed, and which ought not to have been imposed upon them by those acts

acts?—Drawing upon Dublin I conceive to be very essential, in that they are limited to bills above 50*l.*, and the act prohibited them from paying their post bills in Dublin at all for any sum; I consider that those are inconsistent with the original agreement, which I consider would have been fully met by preventing the issue or re-issue of such bank paper in Dublin, or within fifty miles of it; and if the act regulating those companies in Ireland, passed last year, was in those respects amended, so as to conform to the bill now before parliament for regulating those companies in England, justice would be done to all parties.

Was not that the way in which the first act left the case?—It left it completely free from the restriction as to the payment of notes on demand; but by a mistake in drawing it up, it gave no power for drawing bills of exchange, or issuing post bills.

That act passed in 1821?—The first act carrying that agreement into effect was in 1821; the act following up to that, which allowed societies to sue and be sued, was in 1824, and the last act was in 1825.

In what respects does the law of Ireland, with regard to banking, differ from the law of England?—The act of 33 Geo. 2, c. 14, is what is called the Irish Bankers Act; there are several objectionable clauses in that, which, if the Committee wish, I will point out. It provides that conveyances, leases, &c., by bankers, except leases for three lives, or thirty-one years at a full improved rent without fine, should be void unless registered within one month, and three months, if executed out of the kingdom; and conveyances, leases, or other dispositions made to children, or grandchildren, even for valuable consideration, are void, not only against existing but against subsequent creditors.

But not void if made to other parties?—No, if duly registered pursuant to that act; but even duly registered they are absolutely void, though for a valuable consideration, if made to children or grandchildren; though, from the imperfect wording of the act, those conveyances for valuable consideration, when duly registered, would be valid if made to a brother, a son-in-law, daughter-in-law, or any other person, the act being confined in its operation to a son or grandson, daughter or grand-daughter.

Though the person is solvent at the time of executing the conveyance?—Certainly; by the fourth section, notes and receipts expressed to be payable with interest are void; there is no penalty upon the banker for issuing them, and the penalty, which amounts to a forfeiture of the money lodged, is upon the unwary creditor who should happen to take them.

Is there any other provision of the Irish law that differs from the English?—The whole of this act is confined to Ireland, and there is no similar act in England: I have mentioned the leading objections, and I think there is nothing so injurious to Ireland as not to allow of a legal engagement by bankers, by their ordinary receipts, &c. used in business, to pay interest, because I think if that was allowed by law it would encourage deposits with bankers, and it would operate as a savings bank to persons of a better quality, tending to encourage the growth of capital and frugal habits as in Scotland.

Did not the act that passed last session, when first laid before the House of Commons, contain a clause repealing those objectionable clauses in the Bankers Act?—Repealing the whole of the act.

For what reason were those clauses omitted in the bill?—It was opposed by the officers of the crown, upon a statement that it was a proper subject for separate legislation, though at the same time it was agreed that those clauses were objectionable.

If the act had passed as it was first introduced, would it not have perfectly assimilated the law of banking in England and Ireland?—Certainly.

And you consider that would be a desirable object?—I think so most certainly.

At the time the act you have referred to was passed there was no bankrupt law in Ireland at all?—None.

And it was in consequence of that, that that Bankers Act was passed?—It was.

When the bankrupt laws were passed in Ireland, were not bankers included in it as well as other traders?—Yes.

Then is it not the fact, that in several instances proceedings have been taken against insolvent bankers, in some instances under the Bankrupt Laws, and in others under the Bankers Act?—Certainly.

Do you consider that to be a desirable course of proceeding?—A most injurious one, I scarcely know an instance of a banker's estate being wound up under this

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33 Geo. 2, c. 14, unless through the intervention of the Court of Chancery—the case of Cotter & Kellett, of Cork, is a most melancholy instance of it; and Warren's, also of Cork.

How long ago is it since the failure of Cotter & Kellett?—They failed in 1807, and the estate is not wound up yet. Warren's failed in 1784, and the notes were only paid in last June, the parties were litigating in the Court of Chancery the whole of the intervening time.

Is it your opinion, that if the bankers law in Ireland had been similar to that in England, those delays would not have happened?—Certainly.

Were those proceedings attended with very heavy expense to the parties?—Ruinous expense.

Did a great portion of the property liable to the payment of the debts, become useless for that purpose?—In that case of Cotter & Kellett, I recollect perfectly well, at the time of the failure it was calculated, and stated publicly, that they had property equal to 40*s.* in the pound, the last dividend is now about to be made, and I believe it will make the whole dividend 9*s.* 6*d.* or 10*s.*

So that the balance has been dissipated in expenses of law?—There may have been a mis-statement as to the amount of property, but there have been immense sums spent in the law.

Do you know what was the amount of the solicitor's bill?—I have no conception, but I recollect seeing eighteen counsel at one hearing between the creditors and trustees in that case.

Are you aware of the particulars of the bankruptcy of Lord French's estate?—I have no particular information upon that case, except what has been derived by report.

Can you mention any other cases of hardship besides those you have mentioned?—There is the case of the Dungannon Bank, and the case of the Newry Bank.

Of how many years standing are those cases?—They are certainly fifteen years standing.

You are law agent for the Provincial Bank of Ireland?—I am.

Does your interference go beyond mere legal agency, or do you interfere in the commercial management of the different branches?—From having been from the outset of the establishment the confidential agent of the bank, and having gone all over Ireland with the different deputations in making their arrangements, my advice has not been confined to my professional character.

You have stated the circulation of Ireland to be about 6,000,000*l.*; upon what data do you form that calculation?—The parliamentary returns, and the best inquiry I could make myself.

Do you mean the parliamentary returns for past years up to 1825?—Ending January 1826. The change of currency, I think, has more accurately defined the issues of all bankers, except the Bank of Ireland, than perhaps it has been at any other period, for they had prepared to exchange the notes they had out for the new ones in British currency.

You have stated, that there are eight branches established of the Provincial Bank, and you have stated your inpaid capital to consist of 300,000*l.*?—Yes, it being determined to call for more; I understand, it is intended to call for 200,000*l.* immediately.

You have established a general agent in Dublin?—Yes, Messrs. Latouche.

Is that agent for the purpose of paying your notes in Dublin?—Not for that purpose solely.

For that purpose among others?—They do pay, not as a matter of right, as a favour to convenience the public.

Why is it not a matter of right?—It would have been more convenient to the bank to have made its notes payable there alone; but the doubts upon the act of parliament made it imprudent for any banker to issue a currency which could be questioned, and therefore, though the best opinions have been taken that the bank could do so, still prudence has prevented their adopting that course, lest any question should be raised, which would create doubts upon the legality of their issues.

Have not there been doubts on the part of some lawyers, whether it would be legal to do so?—We have received the first opinions in this country, that it would be legal to do so. I have heard it has been doubted by others.

You pay interest on deposits?—Yes.

Do you make your accountable receipt expressly payable with interest?—No, that would be contrary to the act of parliament I have before alluded to.

Do

Do you think that a person depositing money with you, could force you to pay interest upon that deposit?—Certainly not.

Then they are entirely dependent upon the honour of the Provincial Bank of Ireland to pay interest?—Certainly.

In the event of any insolvency taking place, or any bankruptcy in the Provincial Bank of Ireland, do you think the trustees or assignees, whoever they were, would be justified in paying back the amount of those deposits to the depositors, either principal or interest?—I do not consider that by the act of parliament under which the Provincial Bank of Ireland is formed, it is liable to the bankrupt laws, or to this act of the 33d of Geo. 2, c. 14, that I have alluded to.

If the Provincial Bank of Ireland become insolvent, to what law are they amenable?—To the act of last session, which provides an express remedy, and according to its frame, I think, excludes all others.

What is that remedy?—To sue one of two public officers, and to take execution against any proprietors of shares in the bank existing at the time of obtaining judgment, and in default of their payment, against any parties who have been proprietors within three years previous.

Could not any one of those persons so sued defend himself against the payment of either principal or interest of those deposits?—Certainly not, according to my opinion.

Have you not heard, and do you not believe in the case of Haydon and Rivers's bank, the trustees found themselves obliged to resist the payment of principal or interest of deposits, and did refuse, and did succeed?—I am not at all acquainted with that case.

Do you not conceive that there is a material difference between a bank established in Ireland, and a bank established in England, and having a branch in Ireland, as to the operation of the Act of 33 Geo. 2. c. 14?—I do conceive there is.

Under what rank do you conceive the Provincial Bank of Ireland to be—an English or an Irish bank?—For the purposes of trade, I look upon it as an Irish bank; as it is constituted, I think it is both English and Irish and Scotch, for we have parties concerned in the bank who reside in those three countries, and a remedy is provided against them in each of those three countries by the act of last session; though they are suable in Ireland only in the first instance. There are two public officers, Mr. Murray the manager, at Cork, and myself. The mode of proceeding against the bank would be, to sue either of us, and having obtained judgment, to go to the Stamp-office, and look for the register of the proprietors filed on oath there: if they wish to have remedy against an individual in England, they bring an attested copy of the judgment from Ireland and enroll it here for execution upon it. In Scotland, they register it in the court of session, in the same way, and they take the same proceedings as if judgment had been obtained in that country against the party on whom the execution is desired.

What happens in case the bank itself is insolvent?—The property of the bank is liable to that execution obtained against any of the parties; and the proprietors are individually responsible in the way I have stated.

Can you seize under an execution bills of exchange not indorsed?—I do not think you can.

Then so far as the property consists of bills of exchange, that form of execution is unavailable?—Yes.

What other assets are there belonging to the bank?—Money, houses, government securities, bonds, mortgages, &c.

Supposing there are mortgages to the amount of a million of money in the bank, are they seizable under an execution?—No.

Then so far as regards the assets of the bank, properly so called, an execution against them is unavailable?—Certainly, so far as that last description of property goes.

With respect to the estates of any of the parties concerned, can they be taken in execution?—Not real estates, but upon a judgment you may have proceedings by custodiam, elegit or sequestration, as upon any other debt due by the parties.

How do you manage between the branches of the Bank of Ireland and the Provincial Bank of Ireland, when you come to exchange your notes?—They are exchanged at Cork daily; and once a week, on every Thursday, the whole balance as it may be for or against the bank, is discharged by a draft at sight on Dublin.

Have the Provincial Bank had more to receive or to give upon those drafts?—Considerably more to receive upon the general transactions.

Appx. No. 17.

Pierce Mahony,
Esq.

(1 May.)

Appx. No. 17.

*Pierce Mahony,
Esq.*

(1 May.)

Then the circulation of the Bank of Ireland paper must be greater than that of the Provincial Bank of Ireland?—Unquestionably; their bank was established forty-two years [seven months the Provincial Bank of Ireland,] and the private bankers were in the habit of discharging their notes by payment of Bank of Ireland notes, and not in gold.

Have the Bank of Ireland any deposits at the Cork branch?—I suppose they must have.

Do you know how their notes get into circulation at Cork?—By discount of bills, and payment of checks upon them for balances due to the parties keeping accounts there.

Do they pay any interest upon their deposits?—Not that I am aware of; I believe they do not.

They have a great quantity of notes in circulation, have they not?—Yes; that has naturally arisen from the length of time they have been established, as well as their high credit, and their notes having been for a number of years a legal tender.

Since what you call the run in the beginning of March, has there been any variation in the proportion of the respective notes in circulation of the Bank of Ireland and of the Provincial Bank? have you still continued to receive every week a check upon Dublin for the balance?—I cannot speak to that; some days there was a balance against the Provincial Bank, and some days in its favour.

Generally speaking, upon the weekly exchanges, have you to receive the check for the balance?—Generally speaking, I take the balance to be in favour of the Provincial Bank of Ireland.

Then are the Committee to understand that a bank that allows no interest upon its deposits, and whose notes are at a depreciation of sixpence in the pound, keeps a greater quantity of notes in circulation than a bank that pays interest upon deposits, whose notes are not at a discount?—It would not follow that such a bank ought to have a greater issue, but there were peculiar circumstances attending the discount, that I think it right to explain; it arose from the panic that then existed among the ignorant part of the community, and the circumstance of the Bank of Ireland having refused to pay in gold, increased the demand for it; they did not understand the legal reasons why it should not be done, they found one bank paying in gold, and the other bank not paying in gold; and I consider the refusal of the Bank of Ireland must have tended to increase the demand upon the Provincial Bank; there is another reason why the premium should exist, that is, that emigration to a considerable extent is going on at Cork and other places in the south of Ireland; gold must be taken by those parties, they must get it either from the Provincial Bank, or they must get it from Dublin, the consequence is, the circulation of the Provincial Bank not being so full as that of the Bank of Ireland, gold could not be got in the quantities required, because a sufficient number of the Provincial Bank of Ireland notes could not be obtained by those who wanted gold, and then the money brokers took advantage of that and sold the sovereigns, and in some instances, as I have heard, Provincial Bank notes, in exchange for Bank of Ireland paper.

Do you mean to say that the Bank of Ireland ever refused to give gold to a person emigrating, or to any person for the purpose of accommodation?—I do not know the fact that they ever did; I can state generally that they have refused to pay in gold, when demanded by holders of their notes at their office in Cork, and up to the time I left Cork, I was not aware of their having paid gold to any person, except it might be as a particular favour.

Have you any reason to know that they have accommodated with several thousand pounds of gold persons in want of it?—I have no reason to know it, and I do not believe they did.

Nor to believe it?—I have not even heard it stated, but the agent of the branch at Cork is here, and to him I refer the Committee.

Do you know that when the run was on the Provincial Bank, they accommodated them with several thousand guineas?—I do not.

Do you believe it?—I do not believe it; I do not believe that Leycester & Cotter accommodated them with a single shilling in gold, indeed I know the fact was otherwise, and that not a single sovereign or other gold coin was either asked for or given to the Provincial Bank at Cork, by the Bank of Ireland, or their agents there.

You say the executors of Mr. Pike lodged a considerable sum of gold in the Bank of Ireland?—Yes, at its office at Cork; at that time the Provincial Bank was run upon for gold, and Mr. Digges Latouche and I, considered it would be an

accommodation to the Provincial Bank and the Bank of Ireland mutually, if the gold that was upon the spot in Cork was used, instead of gold being sent from Dublin, and Mr. Latouche went to ask for an order for that, and I understand that it was declined, and gold was sent from Dublin; the object was merely to avoid the expense of the carriage.

If you were now told that that sum of money that was so deposited by Mr. Pike's executors was at once handed over to the Provincial Bank of Ireland by the agent at Cork, would you think you would be justified in your former answer, that they never advanced a guinea?—Certainly not; but I never heard that stated; I never heard it stated by any body till this moment that Mr. Cotter and Mr. Lester, or any other person, ever had handed over one single piece of gold to our agent at Cork, and I do not believe they did.

In point of fact, is it not generally understood throughout Ireland, that the Bank of Ireland do not consider themselves bound to pay in gold at any of their branches?—Certainly; but I have no doubt they may pay gold to some individuals as a favour, and I consider their doing so, as a matter of right, is actually necessary for the protection of the other banks in competition with it, and the promotion of a sound paper currency, convertible into gold at the place of issue.

Mr. John Cotter called in; and Examined.

WHERE do you reside?—In Cork.

Do you follow any particular line of business there?—I am a merchant in Cork, I am also a joint agent for the Bank of Ireland for the last year.

Who is joint agent along with you?—Mr. Leycester, one of my partners in trade.

Are you general merchants?—Yes.

At what date were you appointed by the Bank of Ireland?—We commenced operations on the 28th of March 1825.

Had there been any branches of any other bank established in Cork before that?—None whatever; the banks of Cork were Pikes and Leslies.

Had the Provincial Bank established any branch there before that?—Not then, nor till six months after.

Do you give any security to the Bank of Ireland?—We have deposited security; we have transferred stock as a security.

To what amount?—To the amount of 20,000*l*.

Is there any arrangement with respect to any given sum weekly transferred to you by the Bank of Ireland for the purpose of accommodating the trade of Cork?—None whatever; there is no definite sum.

What is the nature of the business that you transact for the Bank of Ireland there?—The discounting of bills on London, Dublin, and local bills, Cork bills.

Is there any restriction with respect to the dates of the bills you discount?—We have had a complete discretion, and have been dealt with most liberally as to affording accommodation, particularly during the press at Cork, having the liberty of affording the most ample accommodation wherever we thought it was secure.

What is the utmost extent of date of the bills you discount?—We have discounted at those times at six months date, provided we thought the bill was good, without hesitation.

What is the largest amount of discount within a week, at Cork, you have ever made?—I cannot exactly say; our year's circulation was over a million.

Have the Bank of Ireland suffered by their transactions in the city of Cork?—We have a great deal in the scale; but I cannot say, as to suffering, that it has amounted to much; we have suffered something, but not materially.

Nothing material, compared with the extent of business you have transacted?—I think not.

Had you any instructions from the Bank of Ireland with respect to payment in gold?—Our instructions from the Bank of Ireland have been, to give gold wherever it was wanted, or wherever we conceived it could be of use.

Do you mean by that, wherever it might be of use for the transactions of the place, or had you the power to discount merchants bills in gold when asked for?—Our instructions were general, to give gold where it was actually wanted, and where the person asking for it showed us that it would be of use to him, but at the same time we were not to acknowledge the responsibility of giving gold except at the Bank of Ireland.

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Pierce Mahony,
Esq.

(1 May.)

Mr. John Cotter.

Appx. No. 17.

Mr. John Cotter.

(1 May.)

Have you within the year, during which you have discounted to the amount of above a million sterling for Cork, discounted any bill in gold or otherwise than in Bank of Ireland notes?—We have given gold for a good deal.

Have you ever discounted a bill in gold?—I cannot say; we have discounted many navy and army bills that we have paid all in gold.

Have you discounted a single merchant's bill in gold?—No; I was never asked by a merchant for it: I have paid army bills in gold to a large amount; every regiment embarking came to us with their bills.

And emigrants?—And emigrants.

Did you ever refuse gold to any person that came to you and showed that it would be convenient to him to get it?—Never.

Are not the revenues paid in Bank of Ireland paper at Cork?—The customs are: we know nothing of the excise; the customs money is paid into our office, that is, all large sums are paid into our office, and a receipt taken to the collector, in order to economize as much as possible, and it saves the collector's clerk the trouble of counting notes, and it saves the person that wants to pay it the trouble of looking for national paper.

From your general knowledge of the trade of the south of Ireland, what do you conceive would be the effect of preventing the issue of notes under 5*l.* and substituting gold in their place?—I cannot see that it would be useful.

What effect do you think it would have upon the trade?—I should think it would be rather injurious.

In what particular?—A large amount of gold having to be provided, I should be apt to apprehend that it would make money scarcer than it is; and I certainly am of opinion that a paper currency founded upon a solid foundation, would answer all the purposes of gold, and could be afforded with greater facility than gold, and I do not see any disposition in the people to prefer gold to paper.

Have not the distresses of the south and west of Ireland been very much occasioned at particular periods by the failure of private banks?—There has been a good deal of distress occasioned, but I query whether, notwithstanding the losses in consequence of the private banks failures, upon the whole, the country has not been served by the issue of paper.

Is the Committee to understand that it is your opinion, that the accommodation given by that circulation has brought forth the energies of the country?—I do think so.

What would be the effect of prohibiting the issue of notes under 3*l.*?—I think it would be less detrimental than making it five; and I do say that if five be the right amount for England, perhaps three pounds would be as large a proportion as would be right for Ireland, because with every respect for my country, I certainly knock under as to conceiving that we are as high as this side of the water.

When you speak of a sound circulation in the country, are you of opinion that the circulation of the joint-stock companies established under the act of last session, having issued small notes, liable to be paid in gold upon demand, is what you hold to be a sound circulation?—I think joint-stock companies, the stock being put down not subscribed, would be a wholesome foundation for a currency; but certainly it remains to be proved whether subscriptions on paper, without the thing being put down, is the sort of security that one would consider a solid foundation.

When you give that answer do you keep in your consideration that the subscribers to those joint-stock companies, are each individually liable to the public to the whole amount of their property?—I keep it in my mind, but I keep in my mind also that there is a provision for retirement, and that the public is not altogether alive to looking to see who is the partner to-day, and who is a partner to-morrow.

Are you aware that under the act of last year, each partner is liable to the whole amount of his property for the three years before he retired?—I do not know the law.

If that be the law, would not you consider that very ample security?—It depends upon the partners of course; such partners as I have heard of belonging to joint-stock companies, would make me satisfied; but I do think that a paid-up capital is rather superior to even high names upon paper.

Are the stockholders of the Bank of Ireland liable to the claims of their creditors, not only to the amount of the capital subscribed, but to the extent of their property?—I understand they are; I am a bank proprietor myself.

Are

Are you in the habit, as agent to the Bank of Ireland at Cork, of receiving gold to any considerable amount in the course of a year?—We do.

In what way does gold come into your possession?—It has been brought in to us for Bank of Ireland notes frequently.

To any considerable amount within a year?—To a very large amount; we have had infinitely more gold come in to us than ever was asked from us, as a matter of right.

How do you dispose of that surplus gold that is so brought to you?—In very bad times we have made a remittance to the Bank of Ireland of the gold that we did not want.

Have you, or have you not, in point of fact, remitted the greatest proportion of the gold that has been paid in to you to the Bank of Ireland in Dublin?—Not at all; it was only lately that we made a remittance to the Bank of Ireland; I believe 10,000 sovereigns was all we ever sent.

How long ago was that?—It is within three weeks; we having more than we seemed to want, we asked whether we might not as well send it up.

When you sent 10,000 sovereigns to the Bank of Ireland in one remittance, do you remember how much you retained in your coffers at the same time?—We kept as much as we thought was wanted for our purposes. We asked the Bank of Ireland, thinking we had more than we wanted, whether it would not be as well to send it up; for it is our wish always to be clear of anxiety as much as we can, and to clear our balance as much as we can, as we are answerable for all we have; and we made this remittance, having retained as much as we thought was wanted.

Does the paper circulation in the south of Ireland consist entirely, or principally, of notes of the Bank of Ireland, and notes of the Provincial Bank?—In the south of Ireland there are but two private banks in existence, to my knowledge; the bank at Wexford, and De la Cour's at Mallow.

Has there been a suppression of many local banks since the establishment of the Provincial Bank in Ireland?—Two Cork banks lately came to a close upon Mr. Pike's death; Mr. Pike's death put an end to his bank.

Did they issue notes?—They did up to Mr. Pike's death.

Are you a permanent resident in Cork?—I have been in trade in Cork, man and boy, for forty years.

Are you well acquainted with the nature of the mercantile transactions at Cork?—I am.

Did you ever hear that the Bank of Ireland notes were at a discount since the branch bank was established at Cork?—I did hear that on the last catastrophe, when it was at its height, that upon some occasions there was a penny given for provincial notes in order to go for gold, but as to having a knowledge of it I have not.

Did you ever refuse a guinea in exchange for Bank of Ireland paper to any person who showed you that it was for the purposes of accommodation that he wanted it?—Never.

Were you ever applied to by any banking establishment at Cork for accommodation in gold during the run?—We never gave it in gold, but we did in paper to them all.

To what amount?—We accommodated every bank in Cork as far as they required.

Did you ever know of gold being sent down to the Bank of Ireland from Dublin?—I know that the Bank of Ireland have given a supply to the Provincial Bank.

Did you hear to what extent?—I did not.

Through what channel did it come?—It was given in Dublin, delivered to Mr. La Touche, and sent down.

Did you accommodate them to the full extent they required without consulting the Bank of Ireland, upon your own responsibility?—I did in every instance where it was asked; I accommodated the Provincial Bank to the full extent of what they asked.

Upon your own responsibility?—We certainly did.

Was that allowed or disallowed by the Bank of Ireland?—It was allowed.

That was when the run took place for gold?—Yes; it was paper that was asked for and paper that we gave.

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Mr. John Cotter.

(1 May.)

What did the Provincial Bank give in exchange?—They gave a draft upon their banker in London; they told me I should have either an order upon Mr. La Touche at sight, or a bill upon their bankers in London, and I told them to please themselves; they said they would give which ever I liked best.

Can you give that the name of accommodation?—That is what we call accommodation.

In other words it was cashing a draft?—Yes.

Would you have preferred any mercantile bill at Cork at that time to such a draft?—I would not; I considered that as good a draft as I could have got.

You had not a moment's hesitation in giving the money required?—I had not.

In point of fact, you consulted the interest of your employers in discounting that draft?—I had no conception of consulting their profit in it, it was not upon the principle of doing business for profit that I did it, because one banker going to another is not the trade of banking.

You did it out of a wish to consult their convenience without risk to your employers?—I did decidedly; I thought it the duty of the office to do every thing I could to give the public accommodation.

The Bank of Ireland send down bank post bills?—They do, and notes.

Do they send bank post bills under 5 l.?—Not of late.

Is it their uniform custom to send down bank post bills in blank, without date or sum, or indorsement, upon them?—They give us a book for the accommodation of balances; the book is filled up to the order of Joseph Leycester and John Cotter, that we may give balance drafts.

Are there any sums filled in?—No.

Or dates?—No.

Does that book contain what you call your bank post bills?—It contains that species of bank post bills.

Are they payable at sight?—At seven days date.

Upon delivering any of those filled up by you and your partner, do you not indorse them?—We do.

Do you not call that a bank post bill?—It is a bank post bill.

Are not bank post bills issued by the Bank of Ireland for definite sums?—Yes.

Those always come down to you filled up with the sums?—Yes.

In point of fact, are not those which you get in blank merely one book full to make up broken sums along with those sums?—Yes.

Do you ever issue those, except to make up broken sums, along with the bank post bills for definite sums?—I have at the times I spoke of been so pushed, from notes not coming down fast enough, that I have filled up a five hundred pound note for public accommodation; but we have made no other use of them, except at that time of hurry and confusion, than to give a particular sum.

Are those notes stamped?—No.

Are they accepted?—They are without date; we date them when we pay them.

The uniform current of gold since you set up in Cork, has been from Cork to Dublin; that is, you have remitted more than you have received?—We have, certainly.

To what do you attribute that influx of gold?—I could observe in some cases, that it was owing to a preference for notes, and when the Provincial Bank started, when a person went to them requesting national paper for their notes, they would not give it to them, they said that any exchange must be gold, and some of those persons came to us for paper, preferring taking paper with them to having gold in their pockets.

Did the Provincial Bank prefer paying in gold to giving Bank of Ireland notes for their own notes?—Yes; they refused to give Bank of Ireland notes, and some of the gold they gave came to us to get national paper for it.

You have said that you remitted more gold to the Bank of Ireland than you received from it?—Yes.

The only remittance you ever made, was one to the amount of ten thousand sovereigns?—Yes.

Have you any deposit accounts in Cork?—Yes, great numbers.

You pay no interest upon them?—We never pay interest.

Was not a large quantity of gold paid by Mr. Pike's executors to the branch at Cork?—There were some few thousands.

Was

Was it at that time that you transmitted that 10,000 *l.* of gold to Dublin?—It was; after that we took up the payment of Pike's notes, upon his death, for the accommodation of the public.

Did you pay those notes in gold?—We did not; I think there is very little desire for gold.

Were Pike's notes payable in gold or Bank of Ireland paper?—They were all liable to be paid in gold, but our banks were never called upon to pay gold.

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Mr. John Cotter.

(1 May.)

Mercurii, 3^o die Maii, 1826.

THE RIGHT HON. SIR GEORGE FITZGERALD HILL, BARONET,
IN THE CHAIR.

James Gibson Craig, Esq. called in; and Examined.

YOU are a writer to the signet, in Edinburgh, in very considerable business?—
I am.

J. Gibson Craig,
Esq.

(3 May.)

In your business as a solicitor and writer to the signet, does it fall in your way to be much acquainted with the pecuniary transactions of Scotland?—It does; the writers to the signet are in fact the great money agents of Scotland.

Are you acquainted with the mode in which the business is carried on by the banks of Scotland?—I am.

What is your opinion of the general effects of the system of banking that has now been established for a great course of years in that country?—I think the system of banking in Scotland is as little liable to objection as any system of banking can be; it has wrought uncommonly well; it has conferred very great benefits upon the country, and has given universal satisfaction.

The Committee understand that one branch of the banking business of Scotland consists in the granting of cash credits?—It does.

The Committee have been already informed of the nature of those credits, and the securities on which they are granted: what description of persons are they who usually apply for those credits?—Almost all descriptions of persons throughout the country; every young man who has a prospect of success, on entering life applies for a cash credit; a great many gentlemen have cash credits, and a great many farmers; there is hardly any public work undertaken in Scotland, that the first object is not to apply for a cash credit to carry it on to advantage; all the roads in Scotland are managed by parliamentary trustees, and I believe there is hardly any one of those sets of trustees which have not cash accounts, for the purpose of carrying on their operations; I am sure many of the most important public works in Scotland would not have been carried on, or certainly not with the same advantage, but for the credits they obtain from the banks.

Are the Committee to understand that the obtaining a bank credit constitutes the means to which people in Scotland look for the supply of ready money necessary to carry on their different operations?—Yes, for the supply of their every-day transactions, principally.

Then in that way a cash credit can never be rendered the means of speculative transactions, or of sudden overtrading?—I think not, they are always kept in a state of circulation; if they at any time become a dead loan they are instantly checked by the banks, and if the circulation upon them is not continued the banks stop them altogether.

Do you think that the system of bank credits creates a useful moral check upon the industrious habits of the people, by means of the watchful eye kept over them by the banks themselves, and by their sureties with those banks?—Undoubtedly.

The Committee have been given to understand that about six millions is thus converted, on the security of fixed property, into the means of application to productive industry, by the credits afforded; what do you think would be the result to Scotland if this source were at once cut off?—I think it would occasion a blow to Scotland that it could not recover for a great number of years.

The Committee have been given to understand that about four millions of money are, on the average, actually advanced upon those cash credits, being about equal to two-thirds of the cash credits; is it your opinion that about that proportion may be

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*J. Gibson Craig,
Esq.*

(3 May.)

taken as the usual advances on cash credits?—I have heard it said so, but I cannot speak to that.

Supposing that information to be correct, what do you suppose would be the effect in Scotland of a law causing those four millions of money to be paid up to the banks within a short time?—I think it would occasion a degree of mischief that is quite incalculable.

The Committee have been informed that the banks charge five per cent on so much of those cash credits as are at any time in advance; is it your opinion that by that charge the banks could afford to continue those cash credits without the power of issuing their small notes?—I think they could not: the great object, so far as the banks are concerned, of cash credits is, to employ to a certain extent their capital; but the principal benefit arises from the circulation of the small notes, and if that benefit of the circulation of the small notes was taken away, they could not continue their cash credits upon the terms on which they now grant them.

Are there any other means by which a person entering into life, or carrying on an ordinary business, could obtain credit or money on so favourable terms as he does now by means of those cash credits?—Most certainly not; he never pays more interest than on the money he has actually drawn out; the moment he receives a sum of money he pays it in, and stops the charge of interest against him; so that upon the whole it is far more advantageous than any other plan which can be devised.

It has been suggested that the banks might remunerate themselves for the loss they would sustain by being deprived of the interest of their small notes, either by making a greater charge upon their advances on their cash credits, or by allowing a less rate of interest upon the sums deposited in their hands; is it your opinion that if the banks were to charge, either by way of commission or by way of a higher rate of interest, more upon their cash credits than they now do, in proportion to the market rate of interest, it would be worth while for people to have such cash credits with them?—I think it would not, and I think it would tend in a great degree to overturn the system of cash credits altogether.

What do you think would be the plan resorted to by the people of Scotland who now enjoy cash credits, if those cash credits were taken away?—They would be obliged to borrow money permanently, or to discount bills.

Are not the transactions carried on upon cash credits in Scotland so small, many of them, in their nature as to render the parties deriving benefit from them not likely to be accommodated by either borrowing money or discounting bills?—Many transactions are so very small that the persons could not be expected to get accommodation for each individual transaction; but, upon the aggregate, they might run up a bill of 20*l.* or 30*l.*, which would then be discounted by the bank, by which they might carry on their small operations.

Do you think that would be an advantageous or a dangerous mode of carrying on business?—It certainly would not be so advantageous a mode of carrying on business as the present system of doing it; I am not aware that it would be attended with particular danger.

The Committee have been informed, that it is usual for the bank when it gives a cash credit to keep a watchful eye over the person having that cash credit, both as to the prudence of his conduct in business and his general conduct; does that consist with your knowledge?—Certainly.

Does it also consist with your knowledge that the cautioners in those accounts do the same?—Certainly.

You have already stated that you consider that a great benefit in a moral point of view?—Yes.

Do you think there would be a great loss to the moral condition and industrious habits of the people of Scotland if this chain of connexion, which has now those beneficial effects, were broken?—I think there would.

In regard to the deposit accounts, the Committee have been informed that the banks usually give one per cent less on money deposited in their hands than the market rate of interest at which they discount at the time; do you think that those deposits would be continued to the same amount in their hands if they were to make a greater difference in the rate of interest they pay upon them?—I think the probability is they would not.

Then if those two sources of making up the loss they would sustain, by being deprived of the issue of their small notes, failed, what other means do you think they would possess of making up that loss, so as to enable them to keep up the system of cash

cash credits?—It must be by charging a commission on all the transactions: if they are not allowed to charge more than the common interest, they can only do it by charging a commission on the transactions which passed through their hands. At present a man may carry on a cash account to the extent of a million without any charge, excepting merely the difference of interest on the running account.

Do you think if a person had it in his power to go to the bank and discount a bill at five per cent, he would prefer going to the same bank to operate upon a cash account, at a charge considerably beyond five per cent?—Certainly, it would be better for him to discount a bill than to pay commission.

As a charge on deposits would not answer the purpose, and it is probable that it would be more advantageous to the customer not to use the cash account, is it not your opinion that the system of cash credits would be abandoned?—It would be almost abandoned.

Do you know the nature of the deposits in the banks of Scotland?—I do.

The Committee have been informed, that they consist of large sums which are deposited by capitalists, and of smaller sums which are deposited by the poorer class of people, is that so for the purpose of accumulation?—It is.

Do you think that the larger class of those deposits would be diminished by any lowering of the rate of interest?—I think the probability is, that they would be very greatly diminished—if the price of stocks were such as to admit of their going with advantage into the funds, a great proportion I think would go there—if the price of stocks were such as not to afford an inducement to go into the funds, the probability is, that those accustomed to a higher rate of interest would not take a lower rate, and would seek out other means of employing their capital. One great cause of what has been called over-speculation lately in Scotland, has been the banks lowering the rate of interest, the people who had money in them being dissatisfied with the rate of interest allowed sought out for other securities, they went into joint stock companies, and lent a great deal of money to builders, and upon what is universally considered inferior security, and many of them became builders themselves, and the consequence has been, in the neighbourhood of Edinburgh particularly, an immense number of houses built more than probably would have been, and which is likely to occasion very great distress.

From your knowledge and practical experience, are you of opinion that great part of those circumstances you have described have arisen from the rate of interest being lessened by the banks, owing to the state of the money market of the country—A great part certainly has arisen from that, and from an immense quantity of floating capital, which it was very difficult to turn to the best account.

Are you of opinion that a cessation of the power of issuing small notes by the banks of Scotland could have any material effect in repressing the recurrence of such effects under similar circumstances?—Certainly not. It does not appear to me that speculation can be carried on by means of the small notes issued by the Scotch banks.

The Committee have been informed that one great means of issuing the Scotch notes is through the cash credits?—It is.

You have already said that the cash credits cannot contribute to speculation or over-trading?—I have.

Are you of opinion that the banks of Scotland, by any contrivance or combination, can keep out more notes than the circulation demands?—I think it quite impossible, the notes, being exchanged twice a week, must regularly return upon the banks which issued them, and if there is no demand for them, they must remain with the banks after being returned.

Then if a bank were to discount bills more freely upon a particular occasion than usual, and were to pay for those bills in its notes, could those notes be kept out in circulation a day longer than the transactions of the country required?—Certainly not.

Are you of opinion that the cash credits of Scotland have contributed much to the advancement of the agriculture of Scotland?—To an immense extent.

You are yourself a person of considerable landed property, and have paid a good deal of attention to agriculture, have you not?—I have.

Are you able from practical experience to speak to this subject?—Certainly.

Being a writer to the signet, do you do business for any of the banks in Edinburgh?—For none of them.

Do you, from your practice in the Scotch courts, know whether the banks are obliged to have recourse to extensive legal proceedings for the recovery of money advanced

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advanced by them?—Very rarely in comparison with the extent of their transactions.

Does that observation extend itself to the other towns in Scotland, as well as to Edinburgh?—I do not know exactly what is meant by the proceedings in the courts; there are many other proceedings not in the courts.

Are there many legal proceedings on the cash credits?—No; I believe it is rarely known that the banks have lost on cash credits.

Are you a shareholder in any of the banks?—Yes, I am.

In which?—I have a considerable property in the Royal Bank, in the British Linen Company, in the Bank of Scotland, and the Commercial Bank.

You have said, that, in the event of small notes being abolished, the bankers would not be able to grant cash credits; can you state particularly, why you think they would not be able to afford to do so?—One great part of the object in granting cash credits, is the circulation of the small notes; and if the profit is taken away from the circulation of small notes, I think the other profit will not pay the bankers for granting them.

You mean to say that they would be obliged to keep gold, in order to answer the demands for those cash credits?—Yes; that they would be at a much greater expense in keeping gold to answer the demands for which the small notes at present suffice.

The amount of the small-note circulation of Scotland has been estimated to the Committee at somewhere about 1,800,000*l.*, the Committee understand that to be the average circulation; does it consist with your knowledge that any great increase of quantity is necessary at particular times of the year?—There is a general deadness in the demand through the winter; upon the return of spring the demand in general increases, and continues increased during the whole of the year till the winter again sets in, when the demand decreases; but there is a particular demand at the great money terms, Whitsunday, or the 15th May, and Martinmas, or the 11th of November.

Can you give the Committee any idea of the extent of variation at those times?—No, I cannot.

Have you ever known the banks very much pressed for notes at any of those terms?—At Whitsuntide 1824, there was such an immense demand for notes upon the banks of Edinburgh, that, by eleven o'clock, they had not a note in their custody; they sent round to all the different banks to borrow, but could not get them, and many of the transactions of that day were carried on by slips of paper; but at three o'clock, the whole notes of the banks had returned into the banks: it was a mere transfer from hand to hand.

If there were a gold circulation in Scotland, under the same mode of carrying on business, would there be the same occasion for an extra supply of gold beyond that necessary for the yearly circulation?—I think not, in the great transactions I have alluded to, for those were mostly carried on in large notes; they were, in fact, nothing more than a transfer from one bank to the other for the forenoon, and therefore, if they were carried on in large notes, there would be no gold required for them.

The Committee have been informed that the banks require a considerable supply of small notes beyond the amount of their ordinary circulation, for the purpose of meeting occasional demands in the exchange of small notes; does that consist with your knowledge?—Certainly it does consist with my knowledge; it must be so, for there must be always notes on hand, and notes passing from one quarter to another.

Would this extra supply be necessary, if the circulation consisted of gold instead of paper?—Undoubtedly.

Would it be necessary the stock of gold should consist, not merely of that in circulation, but that necessary to meet these occasional demands?—Yes, undoubtedly; if the circulation were two millions, there would be probably 300 or 400 or 500,000*l.* required for those extra demands.

Then, the expense of obtaining this supply, and the loss of profit occasioned by the locking up so much capital, is to be added to the loss sustained by the want of the circulation of the notes?—Certainly.

You know that there are branches established in the country places by the larger banks of Scotland?—I do.

Do you happen to know whether it is to the circulation of their notes, by means of their cash credits, that the banks look, in those instances; or to the carrying on their other business by the discounting of bills?—Bills are discounted at those branches,

branches, as well as at the principal banks ; but I believe the great object of the banks is the circulation of their notes by means of the cash credits.

If the result of prohibiting the circulation of small notes were to be the suppression of those branches, is it your opinion that that would occasion great inconvenience and loss in the transactions of the country?—I think a great part of the country would be deprived of a circulating medium altogether ; all the distant parts of the country would be in a manner wholly deprived of it.

Would they not be deprived of all the advantages that are now derived from the having banks for the ordinary transactions of trade?—Undoubtedly.

Does it consist with your knowledge, that the money communications between distant parts of Scotland are entirely carried on by means of the different branches of the banks which are scattered over Scotland?—Almost entirely.

Would it be a great inconvenience if that were cut off?—An inconvenience to an extent that I can give no adequate idea of.

Do you think, that if, in consequence of the lowering the profits of those branches, certain of them were to be withdrawn from places where there is more than one bank established, and if one or two of the banks were to remain, that would be disadvantageous to the public?—I think it would be disadvantageous to the public, so far as lessening the competition ; and it might be also disadvantageous to the public in this way, that, in all probability, the original number of banks would have much more capital than the diminished number would have, and consequently the original number would be able to supply the wants of the country to a greater extent.

If that extent of competition were so diminished, might not the transactions carried on between the bank or banks remaining at those places be conducted upon a principle of more prudence than exists where competition is in operation?—I should doubt the certainty of the conclusion ; it might be so ; but I think at present there is no reason to doubt the prudence of the transactions of the different banks in those situations.

Your experience does not furnish you with the examples of the accommodations given at those branches operating prejudicially to the country from their being so extended?—It does not.

Do the banks in Scotland act upon the principle of combination, or upon the principle of competition?—I think they act upon the principle of competition. I think they are extremely jealous of the transactions of each other, and are better checks on each other's transactions than it would be possible to find in any other way.

What is the ordinary check that subsists against over-issues?—All the banks of Scotland have agents in Edinburgh, who exchange their notes twice a week, on the Monday and on the Friday ; there is a sort of general calling in of the notes on those days, and the balances are paid by short dated bills on London. I know that the state of those exchanges is looked at by the banks with the utmost jealousy and attention ; and I cannot doubt that if any thing in any degree wrong were to appear in the course of those exchanges, the banks themselves would instantly correct it, and force a bank acting improperly to alter its mode of conduct.

Do you mean that, if the other banks discovered an attempt at an over-issuing of notes, or a doing of business to an improper extent on the part of one of the banks, they would endeavour to correct that?—They certainly would for their own safety, as well as for the public good.

Do you think *that* a sufficient check against the possibility of over-issue by any particular bank?—I think no particular bank can over-issue.

Do you think that, if all the banks were to combine, they could by any means force more notes permanently into the circulation than the transactions of the country require?—I think it quite impossible ; the notes that were not required for the use of the country would instantly be returned into the banks, and must remain there until a demand arises for them.

Then, if any greater amount of notes has been kept out in circulation at any particular period, do you attribute that to the power of the banks to over-issue, or to the increased transactions of the country which required that greater amount?—To the increased transactions of the country certainly, and to nothing else.

Then is it your opinion that increased issues may be the consequence of a spirit of over-trading or speculation, but that the spirit of over-trading and speculation cannot be the consequence of increased issues?—I think so.

£. 1,800,000 being the circulation of Scotland in paper of notes under 5 *l.*, it has been stated that that issue they have been enabled to make in consequence of the

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operation of the system of cash credits; do the banks of Scotland derive a benefit from that sum so issued over and above the interest that they charge upon their occasional advances on cash credits?—I am not a practical banker, but I think it necessarily follows that they do.

Can you state what profit the banks of Scotland may annually derive from the circulation of that sum of 1,800,000*l.* in notes under 5*l.*?—I cannot.

But it operates in so much as an addition to their capital, and serves them in all their operations in discounts, and in their transactions with the mercantile world?—To a certain extent, certainly. Although the banks might be deprived of a very considerable profit by those notes being put out of the way, the great object I look to is the loss and inconvenience to the country from being deprived of them, not so much to the banks as to the public.

Do you think that the practice of deposits among the labouring class of the community in Scotland is attended with beneficial moral effects?—Undoubtedly.

Have you yourself had occasion to observe any instances in which this system has produced those effects?—I have; it has tended materially to improve the economy and industry of the lower classes.

Is this confined to one description of the industrious classes of Scotland, or does it extend generally over them all?—It extends very generally over every class in Scotland.

Are you acquainted with any failures which have taken place among the banks in Scotland?—There have been only two failures in the banks in Scotland that I ever heard of.

What were those?—The one was that of the Stirling Merchant Banking Company, and the other was the Falkirk Union Bank.

Can you give the Committee any information upon the affairs of the Stirling Banking Company, and the circumstances of its failure?—I received from the partner of the trustee of the Stirling Banking Company a statement, by which the whole debts of the company at their failure were 50,140*l.*; the preferable debts were 8,830*l.*, which were paid in full; upon the remaining debts 14*s.* 9*d.* in the pound has been paid. The loss to the public by that bank will be 10,840*l.*, and that loss arose from the fraud of the partners, and from the great expense of law proceedings, for the trustee collected 9,000*l.* more than all the amount of the debts.

At what period was this failure?—I think in 1813 or 1814.

Do you happen to know whether any sequestration or bankruptcy took place in that case?—Yes, there was a sequestration.

Have any failures of banks in Scotland taken place since the year 1816?—The Falkirk Union Bank failed, and was sequestered in 1816.

Was that within the last ten or twelve years?—I think it probable it was within that date.

The Falkirk Union Banking Company has been returned to this House as *being sequestered* in the month of October 1816; do you happen to know any thing of the affairs of that bank?—Yes; I have a report here from the agent of the trustee on the state of their affairs; they have paid 9*s.* in the pound, and they expect to pay 1*s.* or 2*s.* in the pound more.

What loss will there be to the public upon that bankruptcy?—Supposing the dividend to be 10*s.* in the pound, the loss will be 25,504*l.*, which added to the 10,840*l.* would make the loss to the public upon the two banks 36,344*l.*

Is this all the loss that has happened for the last century in Scotland, through the medium of its banks?—All the loss to the public.

Did this bank, when it stopped payment, act upon the same system of exchanging its notes with the other banks, that is usually adopted in Scotland?—I cannot answer that question, I rather think it did; but I am not exactly certain whether the system of weekly exchanges was fully established at that time.

Have you never heard that the other banks refused to exchange notes with that particular bank?—I cannot answer that question.

How many partners were in that bank?—It was a bank that never ought to have had credit for one single moment, the manager was a man utterly ignorant of every thing connected with banking, he had been educated as a country writer.

As those two were the only banks which have failed, what were the particular circumstances which may have led to such failures?—The Falkirk Union Bank was established by a few small proprietors in the neighbourhood of Falkirk, all of them utterly ignorant of business; the manager was a man who had been bred as a clerk in a country attorney's office; just before he became manager, I was requested by the

the manager of the Carron Company to take him as an inferior clerk, which I refused to do, and in the course of a very short time afterwards he appeared as manager of this bank, for which he was utterly unfit.

How many partners were there in the Falkirk Bank?—There were fourteen partners originally, and six came in afterwards.

You say that the partners and manager were all unfit to manage the business, in what way did they prove their unfitness in the conduct of the business?—By their total ignorance of the manner of conducting it.

In what way practically did their ignorance appear?—One practice they had which appeared to be destructive of itself, was to employ persons to go round to the different markets, and distribute their notes among all the people who they thought would be the means of giving them circulation, and in that way I believe great losses were sustained.

Can you state the amount of their capital in the first instance?—Their capital was originally 12,000 *l*.

Was that all actually subscribed?—I cannot say.

What were their issues upon their capital?—I cannot state, but they stopped for 51,008 *l*.

How long were they in operation?—They began at Whitsuntide 1803, and were sequestrated in October 1816.

Did this bank exchange notes with any of the banks with which you were concerned?—I have no access to know that.

What were the circumstances of the Stirling Bank?—The circumstances of the Stirling Bank were, that there was one man of the name of Belch, who established it in connection with two or three of his sons, and I believe they were very deficient both in capital and in other respects.

Have you any means of informing the Committee what was the capital with which that bank started?—No.

Did either of those banks ever possess a circulation widely extended over Scotland?—It was confined merely to the immediate neighbourhood, and was never in credit to any considerable extent.

How long was the Stirling Bank in existence?—I cannot state that.

Can you take upon yourself to pronounce whether those two banks ever enjoyed the general confidence of the country?—Most certainly not, either of them.

Do any of the three banks with which you are connected derive any considerable profit from transactions with any of the counties in the north of England?—I have no access to know anything of the management of the banks, not being in the direction of any of them.

Although you may not have a direct interference in conducting the transactions of the banks, does it come within your knowledge that they do carry on banking transactions with any of the northern counties of England?—I never heard that they did.

Do you know what the impression and opinion of the people in Scotland is with regard to the proposed restriction upon the issue of small notes in Scotland, and the consequences of it?—The opinion is universal against any change of the system; we conceive it would be attended with consequences most prejudicial to every class in the country.

Is there the greatest confidence existing in the banking system of Scotland at present?—Perfect confidence.

Have you ever heard of any circumstance which has tended to shake that confidence?—None whatever.

James Hadden, Esq., called in; and Examined.

WHERE do you reside in Scotland?—In Aberdeen.

Are you connected with trade there?—Yes, I am a manufacturer.

Are you connected with any of the Scotch banks?—Not at present; I was once a partner in one, but sold out ten years ago.

Have you any connection with any Scotch bank at present?—No.

Do you carry on business as a manufacturer to a considerable extent?—I do.

Are you acquainted with the effect of the banking system on the commercial transactions of the country?—Yes; I have had a great deal of experience in that.

You know that part of that business consists in the granting cash credits?—Certainly.

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Do you consider that a beneficial system practically to the country?—Most certainly I do.

Explain the way in which it operates?—The way in which it operates is, that a person wanting a cash account applies to a bank and offers security to the extent of the amount he wishes to have; if the security is approved the cash account is granted. I have known many instances of young men who were starting in the world from low situations, of servants, who, having conducted themselves well during the time they were apprentices; or farm servants even, who were able to procure an account from a bank by means of some friends or acquaintances becoming their securities, that in the course of their business have raised themselves to situations, by becoming farmers of considerable extent, or manufacturers, in a way highly creditable to themselves and beneficial to the country.

Do you conceive that system highly conducive to the benefit of the country?—Certainly.

Do you think it has an effect on the moral habits of the country?—Yes, I think it has.

In what way?—Because those who are securities feel an interest in watching over their conduct, and if they find they are misconducting themselves, they become apprehensive of being brought into risk and loss, from having become their securities; and, if they find they are so misconducting themselves, they withdraw the security; not an uncommon case I believe.

Do you know whether the banks are careful in granting those cash accounts to persons upon whose prudence and industry they can rely?—Yes, I believe they look very much, in the first instance, to the person to whom they grant the credit, as well as to the security, for their own sake.

What is the sort of profit to which the banks look in the granting of those credits?—The circulation of their small notes in the district of the country where I live.

Does this circulation depend upon the ordinary transactions of a man's business?—Certainly, very much so.

Is it applicable to any extraordinary speculation, or overtrading?—No, I do not think that it can be.

Do the banks expect that the account should be frequently operated upon?—Certainly they do.

And the sums repaid as they are taken out?—Both payments and receipts must be very frequent, or the banks will complain, and very likely withdraw the credits.

Having been yourself formerly connected with a bank, and being a man of business, do you think the banks would derive sufficient profit to induce them to keep up this system of cash accounts, if they were deprived of the power of issuing their small notes?—I do not think they would.

What is the profit that they make now by those cash accounts?—By the circulation of their notes they acquire a certain capital, which they lend out, and thereby make profit by it.

If they had no other profit but the interest upon the advances of those cash accounts, that would be limited to five per cent upon the sum actually advanced; would it not?—The profit would be too limited to pay the expenses.

Would they carry on their trade of banking for a profit of five per cent on the sums they issue?—If it be merely obtaining five per cent upon their capital, it is no profit beyond the interest.

Would it be such a profit as to induce persons to carry on banking?—Certainly not.

Is it the additional profit derived from the circulation of the notes, that makes it worth their while to keep up those cash accounts?—I take it, that the circulation of those one-pound notes is so interwoven with their business, that if they were deprived of the issue of those one-pound notes, they would not be able to carry on the banking system upon the present plan.

Could those cash credits be conducted in notes of a larger amount than under 5*l.*?—I think not.

If not for the purposes of the very small trader, and farmers servants, could they be usefully introduced for manufacturers and persons in larger business?—I know that, as a manufacturer myself, I should be at a very great loss to conduct my business without the one-pound notes, I do not know how I should do it.

Will

Will you state to the members of the Committee the amount you pay weekly?—I am the senior partner of two manufacturing establishments in Aberdeen, where there are several thousand servants employed, our weekly payments for wages amount to about fourteen or fifteen hundred pounds, the whole of which is paid by one-pound notes, with the assistance of a little silver.

What difference would it make if you were to pay those persons you employ in sovereigns instead of one-pound notes?—None, if we could procure sovereigns on the same terms as one-pound notes.

Could you pay them without the substitution of an equal number of sovereigns for the small notes that you now have, by means of using any five-pound or larger notes?—I will beg to state what was within my own experience as a manufacturer, we once tried to make payments in five-pound notes.

At what period was this?—It was several years ago; and when we paid in five-pound notes, or partially in five-pound notes, we were under the necessity of classing our servants into certain numbers, whose wages might amount, taken altogether, to 5*l*. Two of the number were fixed upon by the others to find change—an alehouse or gin-shop was first resorted to, where they had to spend a part of it, this generally ended in getting drunk, the money spent it was insisted upon should be contributed to by the whole class, a quarrel ensued about this, and they came back on the paymaster.

What was your inducement to have recourse to the experiment of paying your workmen in five-pound notes?—Because silver was so very scarce at the time, and our banker had been short of small notes.

Were one-pound notes in circulation at that time?—Yes, they were.

Why did you feel that there would be any advantage gained for the want of silver by having recourse to the payment in five-pound notes, instead of continuing it in one-pound notes?—I can only say that my paymaster did it in the first instance without my knowledge, having found he could not procure one-pound notes.

How long did the experiment continue?—Not many weeks.

Was it from any want of accommodation on the part of the banks to furnish you with one-pound notes?—Yes, it must have been so.

Was this before or after the time that you were a shareholder in any of the banks yourself?—It was whilst I was a shareholder.

Are the Committee to collect from your answer, that if there was plenty of silver and five-pound notes, you could then manage to pay your workmen in five-pound notes and in silver?—I do not know where I should find 14 or 1,500*l*. a week in silver; it was not according to my orders that this was done, it was my paymaster had done this of his own accord, and I did not know of it till afterwards.

In point of fact, whether there was an abundance or a want of silver, the inconvenience of changing a five-pound note would remain exactly the same?—Yes.

Would it not impose a difficulty of resorting to the ale-house to change it, whether there was silver or not?—They would have to go and get it changed.

Do you think if notes under 5*l*. were taken out of circulation you would have, as a manufacturer, the same facility of acquiring sovereigns that you now have of acquiring one-pound notes?—No, certainly not; because the banks would have no interest to do it; they have an interest in paying me in one-pound notes; whereas if they were to pay me sovereigns they would have no benefit.

Then though you would have equal convenience in paying your people in sovereigns or one-pound notes, you would not enjoy the same facility of acquiring the sovereigns?—No.

Have the banks any interest in discounting a bill?—Certainly they have.

Have they not an interest exclusive of the advantage of getting their notes into circulation?—There is certainly some advantage in discounting bills, in consequence of the interest upon those bills being immediately paid: there is interest upon interest to the extent of the interest upon the bill.

Is the accommodation which you have alluded to that you receive from the bank in the shape of cash credits, or by discounting bills, or in any other way?—I generally pay up my accounts by the discounting bank bills on London: the general way that I operate upon the cash accounts is this; my manufactures being chiefly sold for bills payable in London, I discount those bills with the bank, and pay in the amount of the bills so discounted upon my cash account, generally in large sums. This operation is not a daily one, but the operation of drawing money upon the cash account is almost daily; consequently I, at certain periods, discount bills and pay in

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in large sums upon my account, and draw it out from my account in detail as I want it.

When you are in your cash accounts over-drawing the bank, what is the interest which you pay?—Five per cent; last year it was only four per cent.

When money is paid in on a cash account, what is the interest you receive for the money so paid into the bank?—If I am due the banker, he charges me five per cent; when the banker is due me, he allows me four per cent.

Would those cash accounts not be advantageous to you, though in a less degree, if the banker allowed you three per cent instead of four per cent?—They allowed less than that last year: they charged only four per cent for the advance of money, and allowed two and a half, and sometimes three per cent for it.

If they charged five per cent for the advance of money, would not the cash account be still advantageous to you, if they allowed you three per cent for the money in their hands?—Certainly.

Would not this difference of one per cent in what they allow you for interest upon money deposited with them on your cash account, compensate for the loss which the bank would sustain in not being able to pay you on the cash accounts in one-pound notes?—No, I do not think it would.

Do you think that any reduction of interest upon the deposit on the cash account would repay him that loss?—As to an acting operating cash account, sometimes the banker is due upon it, and sometimes the holder of the account is due the banker; but in general the holder is due the banker considerably more than the banker is due the holder of the account; in deposit accounts that is different; in deposit accounts the bank is always the debtor.

Do you mean to say there is no difference of interest on the cash account, which would repay the banker for the necessity of being obliged to pay in sovereigns instead of one-pound notes?—I cannot say, I believe they would never do such a thing, because, as a manufacturer and merchant, if there was to be such a very great difference between the interest upon the account, I would not place my money there; I would place my money otherwise than with the bankers at very low interest.

How many partners have you?—In one business I have three, and in another one.

What are your lines of business?—The linen and woollen trade.

Are any of your partners bankers?—Neither of them.

How many banks are there in the town of Aberdeen?—There are three belonging to the town of Aberdeen; the Aberdeen Banking Company, the Commercial Banking Company, and the Town and County Bank; then there are two branches, one of the Bank of Scotland, the other of the Commercial Bank of Scotland.

Are those all joint-stock banks?—The Bank of Scotland is a chartered bank; the others are all joint-stock banks.

Have you any private bank in the town of Aberdeen?—There is one gentleman there issues notes to pay his own servants; Mr. Maberly.

Is he in trade?—Yes, he has a manufacturing establishment in Aberdeen.

Does he issue notes merely to pay his own servants?—Chiefly so, I believe.

Does he discount bills?—I believe not.

How does he get his notes into circulation?—Chiefly, I believe, by his own transactions; but I am not acquainted with his mode of transacting his business.

Are his notes payable in Aberdeen?—No, in London.

Do they circulate in the country?—Yes, they do.

Are they as readily taken as the notes of other banks?—They are taken, I cannot say whether as readily.

Is there any check by the weekly exchange of notes between that bank and the other banks?—Mr. Maberly issues notes in so many different places, I cannot pretend to say that.

Does he grant cash credits?—No, I never heard of it; I never heard of his lending any money.

Has he any banking partner joined with him in it?—I do not know.

Is there any other name upon the notes?—The firm of the bank is John Maberly & Company.

Do the other banks in Aberdeen take Mr. Maberly's notes?—I believe they do.

Do they exchange with him?—I believe they do latterly.

Mr. Maberly's notes are payable in London?—They are.

Can

Can they be exchanged in Scotland?—They cannot be demanded in Scotland; no man has a right to demand the payment of them there.

Could any bank having received a number of Mr. Maberly's notes, and desiring to exchange them, demand from him a bill on London for those notes payable in London?—Certainly not, they are bills on London themselves.

Has Mr. Maberly a very large manufactory in Aberdeen?—He has a considerable manufactory there.

Do you know how his workmen are paid weekly?—I believe they are paid in his own one-pound notes.

Can they get cash for them at any office without paying any discount?—I never heard of their paying any discount for it.

How do they exchange them for smaller money?—I suppose among the shopkeepers and different persons; the bankers of course would not give silver for one of his one-pound notes, at least they are not bound to do it.

Do you consider Mr. Maberly's bank issuing notes solely payable in London as purely a Scotch bank?—I cannot say that I consider it a regular Scotch bank, because the notes are not payable in Scotland.

Do you call those Scotch banks whose notes are not made payable in Scotland?—I never knew another instance of the kind.

Do you think that the system of issuing notes at Aberdeen, payable only in London, is a system that should be persevered in as one founded on a solid system of banking?—I think if it was a system generally prevailing among manufacturers, it would be a dangerous one to the country, and injurious to the respectability of the banks in Scotland, as they are now established.

Why do you think it would be a dangerous one to the country?—Because there are no means of asking payment of such bank's note without going to London.

What danger would accrue to the country in consequence?—If that leads to a question with respect to the currency of the bank-notes, and my opinion is asked upon that, I would say, as far as my opinion goes, it is this, that a bank-note currency convertible into gold is a very proper one for Scotland, but for such notes payable in London, gold could not be obtained without sending them there.

At present the security of the Scotch banking system depends upon the weekly exchanges, does it not?—Certainly.

If those weekly exchanges took place in London instead of Edinburgh, what objection would there be?—But how could the holders in Scotland send them to London?

Where do they send them now?—They ultimately land in other banking houses, when the other banking houses choose to take them; in this way it is all very well, but if they do not choose to take them where could they go for the money? Suppose that one bank in Scotland was not received in the exchange system with the other banks, the holders of those notes would naturally apply at the place where they were payable in Scotland, and demand gold for them.

Are the notes of the Scotch banking companies payable in gold at their different branches?—No, I believe not.

How then does a labouring man at Aberdeen apply to get his note changed into cash?—They have a complete circulation, and of course they would send them to the place of payment; if the banks of the district refuse taking them they would naturally find their way to the place of payment.

Does not the security and practical convenience of the system of banking in Scotland depend upon the readiness with which the notes of one bank are taken by all the other established banks, at all their several branches?—Certainly.

Does not the security of the system, as against over-issuing, depend upon the regular exchanges which those different banks make weekly with each other?—Yes; during the present practice of exchanging the notes, I do not see how any bank could over-issue.

If any banker's notes were refused to be taken by the other banks, at any particular place, as Aberdeen for instance, would not such banker's notes cease to circulate at Aberdeen?—Yes, they would.

Are you acquainted at all with the circumstances of the Falkirk Union Banking Company?—I am not particularly acquainted with them, I have heard of them.

Are you aware whether they were in the habit of exchanging their notes with the other banking establishments in Scotland?—I am not.

Did they ever circulate at Aberdeen?—A very few might have got there; they were a bank of no great extent of business.

Appx. No. 17.

James Hadden,
Esq.

(3 May.)

Appx. No. 17.

*James Hadden,
Esq.*

(3 May.)

Do you recollect any thing about the Stirling Banking Company?—No, I do not.

Did you ever see any of their notes at Aberdeen?—Yes, a few of them, I think.

Had they ever any circulation at Aberdeen?—Very little.

Did they exchange with the other banks there?—I cannot say.

If the number of banks were reduced in consequence of the limitation on profits, do you think that reduction of number would be advantageous or disadvantageous to the public at Aberdeen?—I think it would be disadvantageous to the public at Aberdeen; because a new bank, where there are a great number of respectable partners, and which does a good deal of business, has been established within the last twelve months, does not appear materially to affect the other banks.

Has the establishment of that bank increased the convenience of accommodation of the public?—It certainly has.

Do you think the banks of Scotland act upon the principle of combination or of competition with each other?—Not combination, certainly; they may act with a little competition; they act with a good understanding with each other.

Do they compete in doing their business as they think most for their individual advantage?—I do not know that there is any difference in the manner in which they do their business; but, of course, the partners will naturally interest themselves to get those customers whom they consider beneficial to the bank.

You stated that the rate of interest was reduced a little while ago?—Yes.

Was it reduced simultaneously by the banks?—I believe it was.

You know that the banks in Scotland have branches established all over the country?—Yes, many of them have.

Do you think the establishment of those branches of material importance to the business of Scotland?—I think it very important, particularly in the distant districts of the country.

Do you think that the establishment of those branches in distant parts of the country depends upon the circulation of the small notes?—I do think so.

What is your reason for that opinion?—Because in those districts the circulation is chiefly in small notes.

Do you think there is sufficient business in those districts by their discounting bills, and what has been called the dealing in capital, to maintain the expense of those branches, without the profit derived from the other part of their business, consisting of the circulation of their notes?—I do not.

Do you think there would be great inconvenience from the withdrawing the branches in those distant parts of the country?—It appears to me there would.

Upon what ground do you form your opinion as to the situation of those remote districts?—From my general knowledge of the country and of business.

Have you much communication with the parts of Scotland remote from the large towns?—I have communications with almost the whole of that country.

Do you know that it is the habit of the people in your part of the country to deposit their savings in the banks?—Yes, certainly I do.

Do you think that is attended with very good effects upon their morals and industry?—Yes; I know there are several of my own servants who have money deposited with the banks, their own savings.

Is there any saving bank at Aberdeen?—Yes.

The saving banks take deposits under 10*l.*?—Yes.

When they amount to 10*l.* they are paid into the other banks; are they not?—I am not certain as to the sum.

If the proposed alteration of withdrawing the one-pound notes takes place in Scotland, will not there be just the same advantage to small traders, or farm servants, of depositing their savings in the banks afterwards as there is now?—That depends upon what interest the banks can give them.

Do you know at all the extent of the circulation of one-pound notes, as compared with those of five pounds, in the district of Aberdeen?—I cannot speak positively to that; but I should think in the district of Aberdeen, it must be considerably more than I have seen stated as the proportion over Scotland; if I am to judge from my own transactions, I must say that at least three-fourths of the money I pay away is in one-pound notes.

That includes the payment of your wages?—Yes.

Do you think it would be necessary to keep that amount of sovereigns in circulation which there is now of one-pound notes?—I think it would.

You

You are acquainted with the trade and manufactures of Aberdeen?—Certainly.
 Are they to a very considerable extent?—Yes, they are, and have very much increased lately.
 Have you known any failures, either in trade or manufactures, in Aberdeen within the last six months?—No, not any of the least note.

Appx. No. 17.
James Hadden,
Esq.
 (3 May.)

Lieutenant-Colonel *Donald Campbell*, called in; and Examined.

WHERE do you reside?—In the Island of Mull, in Argyleshire.
 You are the factor of the Duke of Argyle?—I am.
 That means steward?—Land-steward; I collect his rents.
 To what amount per annum do you collect in Mull?—About 5,000*l.* or 6,000*l.* a year.

Lieut. Col.
Donald Campbell.

What proportion of that sum do you collect in sums under 10*l.*?—I collect twice a year, and about two-thirds is under 10*l.*

To what place are those sums transmitted from the island?—I remit to Edinburgh.

What is the distance?—The distance is about 120 miles.

In what way do you transmit them?—I make them up into packages, take the numbers and dates of the notes in another letter, and send that to one post-office and the package of money to another post-office; so that in case the money is taken away, the person in Edinburgh will see what notes are taken away, and whether they arrive safe. I sometimes try to get a friend, who is going, to take them.

Have you any means of sending them in larger notes or bank bills?—I get the largest notes I can; but I am constantly obliged to send a great part of them in one or two-pound notes in that way.

Do you remember a time at which there were no notes in circulation there, when the circulation was metallic?—Perhaps there might have been some notes in circulation; but I remember when a great deal was in gold and silver, and when the duke's rents were sent by an active, powerful man, with two or three to attend him. The man is alive now; he was regularly sent twice a year.

Does the same necessity exist upon the coast of Argyleshire, and in your neighbourhood, of making the remittances in money?—They are all sent in that way, unless a friend goes by whom it could be sent.

They must be sent in currency?—Yes.

What does the produce of that part of the country consist of?—Black cattle, sheep, kelp and wool.

In what way are the purchases made of the cattle?—The purchases are made in different ways: very often people come down from England; they come down from Northumberland and Yorkshire, and get a credit on Edinburgh or Glasgow, and get notes from the branch banks.

Is there any branch bank in your neighbourhood?—There is a branch at Inverary, but they will not remit money unless I pay them, because it is a risk.

How far is Inverary from you?—Sixty miles.

At Inverary, which is only half the distance from Edinburgh, with the smaller notes you collect in the country, can you obtain any bill on Edinburgh without paying for the bill?—No.

You say there is a good deal of inconvenience in sending those packages of notes all the way to Edinburgh?—Yes.

Is not the premium you have to pay to the branch considerable?—Yes; and in the first place I must pay a man to go with them all the way to Inverary to pay the money in, and afterwards to get a bill to send to Edinburgh, and he must bring it back to me to remit to Edinburgh.

Then you would send it by the post?—Yes, unless I find a friend who will carry it for me; but the general way is by post.

Would you not send your remittances in large notes to the Duke of Argyle if you could get them?—Certainly, I always get the largest I can; no one would send a small note when he could get a large one.

In what way are the purchases of cattle made?—There are country dealers, and dealers from the south; the country dealers go about the country buying a beast here and there at the different farms, some of the south country dealers do the same.

How do they pay for them?—They pay for them in notes when a beast is under 3*l.* or 4*l.*, they give them 3*l.* or 4*l.*; when they buy an old cow that goes up to 6*l.*, they pay 6*l.* for it.

Appx. No. 17.

Lieut. Col.
Donald Campbell.

(3 May.)

Are they obliged to supply themselves with a given quantity of small notes for that purpose, or can they perform those transactions by notes of 5 *l.* and upwards?—It is impossible they can do it without small notes or gold.

If there was not a paper circulation, would they not be obliged to provide themselves with gold?—Most undoubtedly.

In what way do they carry this money about them, do they take it in bills of exchange, or in actual currency?—They generally get an order upon the nearest branch from the banks at Glasgow or Edinburgh; they sometimes get money at Inverary, and sometimes at Callander, and they go with large and small notes from one to twenty-pound notes, and carry a portion of each with them.

How much may one of those drovers carry about him on those occasions?—I have known some of the English dealers carry a great deal, a country dealer will not have more than 1,000 *l.* or 1,500 *l.*; but I have seen dealers from the south come into the country with 7,000 *l.* or 8,000 *l.*

Was that 7,000 *l.* or 8,000 *l.* entirely in currency?—No, nor even entirely in notes, he knew the people he was to deal with, and perhaps he bought sheep beforehand, and on his way to the country lodged the price on the cash account of the person from whom he made the purchase, and brought him the bank receipt; for five years, one of them has bought my sheep without ever seeing them, and lodged the money on my cash account in Glasgow; for the small purchases through the country he was obliged to take notes.

Are they obliged to carry very large sums of money in notes?—Yes, certainly.

To what do they amount?—I should think that the whole trade of the country would require at least one-third or better in small notes to carry on the business; for whatever amount he means to buy, supposing he had 3,000 *l.*, he would require to have one-third of that in small notes or gold.

Would there be many who would require to take to that extent in small notes or gold?—Yes, many; all whose business is to any extent.

Would there be great inconvenience in his being obliged to carry this in coin?—Yes, the weight of a thousand pounds in gold is heavy.

How is the kelp paid for?—Some of the kelp is in the hands of the small tenants themselves, and some in the hands of the proprietor.

Is a good deal of it paid for in small sums?—Yes, and sometimes in large sums if the proprietor keeps the kelp in his own hands.

The wool and the sheep are very much sold in large quantities? Yes.

Are those settled in credits on the banks or bills of exchange?—Yes, in part; and some part in cash.

From the mode in which the business is necessarily carried on, with the transmission of the rents at one period of the year and those purchases at the other, if there were a currency either in small notes or in gold in that country, would that currency remain there, or find its way elsewhere?—Neither the notes nor the gold would remain long: a great part of them would be sent out to pay interest of money owing in Edinburgh, or to the large proprietors in the south, to pay their expenses. Whatever money goes to the country is brought by those dealers, and returns as soon as possible, to answer the demands of the large proprietors who live at Edinburgh or in the south.

Are the Committee to understand that those remote parts of the country are so situated from the want of banking establishments, that their transactions with Edinburgh are obliged to be carried on by a transmission of the currency whether paper or gold?—Certainly, a great part of it.

Do you recollect how the cattle dealing was conducted at the time you mention when the rents were remitted in coin?—Yes; I recollect when the dealers who came to the country carried a great deal of gold to the markets, but then the price of cattle was so very small that the sums were not large; a cow now worth 10 *l.* in my first memory was not worth 40 *s.*, that is forty-five years ago. I recollect it was talked of when the first lot of cattle was sold at 55 *s.* in the country.

What amount of gold might any considerable dealer have carried in those days?—I cannot say; but I recollect seeing them come home with gold tied about their middle and in their pockets, in large bags, in those days; but the amount could not be so very large, for cattle were cheap.

Did they carry a great deal more gold in those days than they need now, with the assistance of 5 *l.* notes?—No; I think there were a great many notes too, but there was a considerable proportion of gold came into the country.

Is

(3 May.)

Is the system you have described as belonging to the island of Mull, the system which generally prevails in the other western islands of Scotland?—Certainly; I have access to know that it is in most parts of Argyleshire, and the islands about Argyleshire.

Have you much silver in circulation in the island of Mull?—Not a great deal; we have more silver just now than we had for many years before, there is a sufficiency of silver to give change in collecting the rents.

Is there a sufficiency of silver remains in the island of Mull for the uses of the country, generally, throughout the year, or do you ever find any deficiency?—We are sometimes at a loss to give change for a one-pound note; but I think there is always a supply sufficient; there was, some years ago, a gentleman, in the island of Mull, issued five-shilling notes, but there is no occasion for them now.

Have they disappeared?—There are not so many of them in circulation; there are a few still.

Is there any considerable proportion of the circulation of the island of Mull conducted in five-shilling notes?—There is one man issues them, but they are not a legal tender.

Are they in good credit?—Yes, the man is known to be a wealthy man.

Does he act as a banker?—No; only he issues notes, “for want of change, I will give 1*l.* for four of these.”

How does he get his five-shilling notes out?—He gets them out in that way.

He takes a one-pound note and gives four of those for it?—Yes, he is a shop-keeper, and he gives change in those instead of giving silver.

Can you state how long the one-pound notes generally circulate in the island of Mull?—Sometime ago they were kept much longer in the country than they are now; formerly every poor person in our country kept them by them, they were not in the habit of sending them into the bank, now they remit perhaps 10*l.* to a bank, and get a receipt for it, and they add to it if they are able to do so, and get interest for it.

Does a poor man, who was in the habit of keeping one or two-pound notes by him, send them all the way to Inverary?—He sends them to Glasgow, it is so convenient to send by the steam-boat; I have often brought small checks of 10*l.* or 20*l.*, when they want to add two or four or five pounds more to it.

Is a poor man in the island of Mull in the habit of keeping a cash account in Glasgow?—There are a number, but not of the poorer classes, who have cash accounts in Glasgow, but they must have security.

Are there many persons in the island of Mull who have deposit accounts with the bankers at Glasgow?—There are a great number of poor people who deposit twenty, or thirty, or forty, or even as low as ten pounds in Edinburgh and Glasgow, and they give them interest for it, and when they wish to have it renewed, or can add a little more, they send it, and have the interest added to it; I have been in the habit of bringing it up, when I went to the low country, for a good many of them.

Are there many persons in large ways of business in Mull, who have a cash credit with bankers in Edinburgh?—Yes, I have one myself, and am security for others who have cash accounts at Glasgow.

Is the intercourse between you and those banks conducted by the steam-boats?—No, I always communicate by post, we have a post three times a week.

Do you send backwards and forwards very small sums by post?—No, not very small sums, not under 100*l.*, I draw more or less; when I want to pay any money to my grocer, for instance, at Glasgow, I send a check upon my cash account.

When you draw upon your cash account from Mull, is it to bearer or to order?—I say, pay such a man or order such a sum.

In point of fact, they are payable to order not to bearer?—Yes.

Are they on stamps?—Yes, if I am at Glasgow at the time, I draw without a stamp.

The circulation you give to the notes of the bank with which you have a cash account depends upon the sums you have to pay at Glasgow?—I think their greatest profit is from the money I bring with me to buy cattle, because it stays longer out.

Also from the money you take into the country to purchase cattle and pay your servants?—Yes.

Appx. No. 17.

Pierce Mahony,
Esq.

(3 May.)

Pierce Mahony, Esquire, again called in ; and further Examined.

IS there any thing in the evidence which you gave, when last before this Committee, which you feel it necessary to offer an explanation of to the Committee?—There is nothing in the evidence I have given before the Committee that I wish to vary ; but I think it might be considered that I ought to have gone into an additional explanation. I stated that when I came to Cork the second week in March, I found that on the previous Friday, the 3d of March, from the report of the local directors and manager, that many of the depositors of the Provincial Bank of Ireland at Cork, who were a respectable class of persons, had come in, and that great confusion existed previously from the payment of gold amongst a great crowd very much agitated by panic, and Bank of Ireland paper being universally current theretofore, and considered perfectly unobjectionable to the respectable class, by the manager and local directors ; it was then determined by that local board, and the manager of the Provincial Bank, that they would deviate on that occasion from their system of only paying in gold, and pay sums over fifty pounds in Bank of Ireland notes to those willing to take them ; accordingly, for that purpose, Mr. Murray went down to the Bank of Ireland agents, and offered them drafts on sight on Dublin or London, or at three days date, or at twenty-one days, just as they wished : this I consider a fair and natural transaction between banks, even rival ones. He gave bills at three days, and he took from them two sums of 5,000 *l.* each ; with those sums he paid such persons as demanded payments exceeding 50 *l.*, and would receive Bank of Ireland paper ; but I was surprised to hear that the alarm was so great, some persons refused Bank of Ireland paper : one individual particularly threw back a 500 *l.* note that was offered to him, and required gold, which he received. The Provincial Bank had not been in the habit of paying in Bank of Ireland paper before, and have not since. In giving this explanation I think it necessary to state, that on the 11th of March, when I was in Cork after I had brought the third supply of gold to the Provincial Bank from Dublin, it appeared to me from the manager's report, the original stock of gold on the 28th of February had not been then or for some time after consumed, and the stock at the time of the run was quite ample for the demands on the bank, as the chairman of the Committee may know by reference to the Return of the issues of the bank compared with its stock of gold which has been furnished. I had only feared that I should be supposed to have acted uncandidly if I did not state these facts ; I understand 7,000 *l.* of the 10,000 *l.* was returned within two days after the bills were passed as useless to the Provincial Bank, the demands arising from the panic having then ceased, as far as the intelligent part of the community were concerned.

Have you not stated, that, on the occasion of this visit to Cork on the subject of the run, you found the Bank of Ireland paper at a discount?—Yes, I have, with the names of the parties who gave me the information.

How do you reconcile the fact of the Bank of Ireland paper being at a discount, and your being obliged to apply at the solicitation of the depositors for it?—It was not at the solicitation of the depositors, but it was thought expedient by the manager and local directors to pay away those large demands from intelligent and respectable persons more rapidly than they could do in gold, and that class could not have any hesitation, in our opinion, to take Bank of Ireland paper ; the delay in paying large sums in gold would keep up the confusion and crowd in the office when there was no necessity for it ; and as the tellers of the bank could pay more quickly and conveniently in Bank of Ireland paper, and as the directors did not anticipate any objection to Bank of Ireland paper, they procured it without reference to the effects of the panic upon the ignorant classes.

Are the Committee to understand that the Provincial Bank never paid in Bank of Ireland notes till they found them at a discount?—They could not have been aware at the time, I allude to the 3d of March, of their being at a discount, otherwise, if it was universally so, it would have been absurd to have offered such payment.

Did you not state that you found them at a discount?—I did, but I did not arrive at Cork for nearly a week afterwards. I have stated all the facts, but I cannot account for the circumstances that occurred, which were the result of panic from the local causes. I have already stated, no rational person could have doubted the security of either the Bank of Ireland or Provincial Bank of Ireland, both of which I consider are above all suspicion.

Veneris, 12^o die Maii, 1826.

THE RIGHT HONOURABLE ROBERT PEEL,
IN THE CHAIR.

John Baker Richards, Esq. called in; and Examined.

YOU are Governor of the Bank of England?—I am.

Will you state to the Committee what, in your opinion, would be the effect on the Bank of England, provided there were a gold circulation throughout England generally, and that Scotland were permitted to retain her present banking system, under which the banks in Scotland are empowered to issue notes below 5*l.*?—I am not aware that the Bank of England could be at all affected by that, provided Scotland were kept strictly within her own country; that she was not suffered to interfere at all with the circulation of England, south of her border.

With reference to the interests of the Bank of England, you see no objection to the continuance of the present system in Scotland, provided her circulation were strictly confined to Scotland?—That is my opinion.

Do you think it would be possible by any legislative enactment to prevent a circulation of the small notes of Scotch banks in the northern counties of England?—I should hope it might; I think that, inasmuch as that preference is given to Scotland, she should enjoy it only in her own country.

Do you think that the existence of a paper currency in Scotland at the time that there was a gold circulation in England might lead to any inconvenient demand upon the Bank of England for gold from Scotland?—Scotland could only reach the gold of the Bank of England, I apprehend, by getting possessed of the paper of the Bank of England. She could only do that either by discounting bills through her agents in London, or by the sale of stock or any public securities that she might hold; but by her own paper she could not touch us.

Is not that the case with every private banker in England also?—It is so as far as their means go, decidedly.

During the late failure of banks in England was there any extraordinary demand upon the Bank of England from Scotland for gold?—There was a demand certainly, but, I should think, not a very considerable one.

Do you know under what circumstances that demand arose?—I should think out of the circumstances so well known to the gentlemen whom I address, the particular pressure at the end of the last year.

Was there any demand made upon the Scotch banks which made it necessary for them to increase their stock?—I am not aware of that; but I suppose by their sending for gold there must have been a little less confidence in their notes, and that they wished to substitute gold.

Supposing there were a panic in Scotland, and a general demand for gold should arise, would not the absence of a gold circulation in Scotland be more likely to create, under circumstances of panic, a sudden demand upon the Bank of England, than if there existed a gold circulation in Scotland?—I think there can be no doubt that if she does not use a metallic currency at the present moment, and she was called upon on a sudden to resort to it, she would get it no where else but from the Bank of England; and therefore I am of opinion that there might be that pressure.

Do you recollect the circumstances of the country previously to the year 1797?—Not sufficiently to speak with any distinctness.

In what manner do you conceive the existence of a paper circulation in Ireland below 5*l.* would affect the Bank of England?—I should view that very much as I do the subject of Scotland, if she kept her circulation entirely at home.

Would the Bank of England feel no greater security supposing the Bank of Ireland were obliged to provide, as far as the demands upon it went, for a gold circulation?—Certainly, because if she had a stock in hand there could not be that pressure which must arise from the deficiency of a metallic currency in the banks of Scotland or Ireland generally.

Do not you think a panic, creating a sudden demand for gold, more likely to arise in Ireland than in Scotland?—It is possible, but I am not sufficiently well

Appx. No. 17.

John B. Richards,
Esq.

(12 May.)

Appx. No. 17.

John B. Richards,
Esq.

(12 May.)

informed to draw a distinction ; there have been so many failures in Ireland, in the south particularly, among their banks, I am not aware whether there is that confidence in their banks now which there is in the banks in Scotland.

Supposing an alarm to exist in Scotland or in Ireland, do not the banks in those countries provide themselves with the means of paying their bills on London, or of procuring gold if requisite, by throwing upon the market here public securities which they hold?—Yes ; or bills and convertible securities ; whatever they may possess.

You have stated that the mode in which the banks in Ireland or the banks in Scotland could procure gold would be, by converting their securities into bank-notes ; in the event of a panic would it not be necessary, as a preliminary to such conversion, to throw those securities largely upon the market?—I apprehend it would ; undoubtedly they must prepare themselves, and they can only reach the Bank through that process, and I know no other quarter from which they could derive gold extensively but from the Bank of England.

You have said, that in case of a panic in Scotland that might cause a demand on the Scotch banks for gold, you apprehend that that might cause a demand upon the Bank of England for gold?—Certainly.

That could only take place from their possessing themselves of Bank of England notes?—So I conceive.

In case the Bank of England found that demand inconvenient, would they not have the remedy in their own power by a control over their own issues?—Undoubtedly the Bank of England has the control of its issues entirely within itself.

If the Scotch banks were not to demand gold from the Bank of England by means of presenting to it its notes, they would have the power of supplying themselves with gold in the bullion market like any other persons who had a demand for gold?—The market would be open to them, but it might happen that bullion was not to be bought.

Supposing a panic and consequent drain of gold in the Bank of England to commence in England, and that after it had proceeded for some time in England it should extend to Ireland and to Scotland, would it not, under those circumstances, have been at least a great convenience to the Bank of England that those countries should have had an independent supply of gold to meet such a demand?—There can be no question of that ; we can never court pressure upon our bullion or on our issues in any shape.

Has that state of things ever been the course in which drains on the Bank of England have taken place?—Yes, I believe very recently.

You state that you conceive that the continuance of a small-note circulation in Scotland and Ireland would have no effect on the Bank of England, provided that circulation was confined to those respective countries ; in what respect, if any, do you conceive the continuance of a small-note circulation in those counties of England which are distant, and in which the paper of the Bank of England does not generally circulate, would have any different effect upon the Bank of England from the continuance of the small-note circulation in Ireland and in Scotland?—I am apt to consider that the communication from every part of England with London is much more considerable, much more active, than it is with Scotland and Ireland, and that there is more immediate communication between our own counties and London, than there is between Scotland and Ireland and London.

Supposing those notes to be confined to the counties to which the banks belong, would the continuance of those notes have any prejudicial effect upon the Bank of England?—I am not aware of it, except in cases of panic, or distrust in those notes.

Your opinion is, that, unless there was a panic, a circulation of country small notes at a distance from London does not in any way affect the Bank of England?—I am not aware of it.

Is it your opinion that if there had been a gold circulation in Scotland on the occasion of the late panic, there would have been a greater or less demand for gold on the Bank of England?—I should rather suppose that they have not much gold in Scotland. I have always understood they had very little gold there ; if I am right in that, certainly the want of it must have created a greater demand upon the Bank, than if they had had a quantity lying by them, or it had been in regular circulation, for that gold would take place of the notes, which notes perhaps had lost the confidence of the country : I suppose that would have been the process.

Suppose

Suppose the confidence of the country to continue in the paper money, would there not be a less demand upon London for gold than if there had been a gold circulation?—That I can hardly answer; it would depend on the quantity already possessed to perform the circulation.

Have you access to know whether any part of England was supplied with Scotch notes on the occasion of the late crisis?—I cannot answer that; it is not within my knowledge.

You are aware that an Act has passed in the present session of Parliament, which will prohibit a circulation in England of paper under 5*l.* after the month of April 1829; assuming it to be for the public advantage that paper under 5*l.* should be prohibited from circulation in England, whilst a circulation of paper of that denomination shall continue to be allowed in Scotland, will not the introduction of the Scotch paper below 5*l.* in value into any part of England defeat altogether the operation of the law that has just passed, with reference to that part of the country in which such a circulation would take place?—If I understand the question rightly, I should consider it most unjust that Scotland should have that preference, that she should be permitted to pass her borders, and take that advantage, which in common fairness and common justice, in my humble opinion, she ought not to attempt, or have the power of doing.

Would it not be for the advantage of the issuers of paper in Scotland to introduce, so far as it may be practicable, a circulation of their paper into England?—I assume that Parliament will have the power of preventing that; and I still think Parliament should exercise that power, because if Scotland is to have a preference she ought not to come into England.

By what means do you think it would be possible to prevent a circulation of small Scotch notes in England?—I am not aware of any other than a severe penalty; but I am not accustomed to Acts of Parliament.

Supposing, practically, such a circulation of paper should take place in some parts of England, in defiance of any law that may be passed to restrain it, will not the effect thereof be to defeat altogether the operation of the present law, with reference to that part of England into which such a circulation may introduce itself?—It would to the extent, certainly, to which that circulation might reach.

In what way would the circulation of Scotch notes contribute to the injury of the English public?—I think that it would be a very unfair thing that Scotland should have an indirect power of doing that from which our own country is restricted; I must still think that would be very unfair. It would be impossible for me to say, unless I knew the extent of it, the injury it would create, but I think it would be extremely unjust.

Supposing notes below 5*l.* to be prohibited in England, and to be allowed to circulate in Scotland under the Scotch banks, is it not your opinion that Scotland would carry on her trade to greater advantage than under such circumstances England could?—I can hardly say that I am well enough acquainted with the operations of Scotland to answer the question with any confidence; they are so entirely accustomed to a paper system there, that they may work it to a greater advantage.

Must not the cheapness of the currency facilitate the operations of trade?—Certainly, provided that currency is safe.

Would not the paper currency, as giving greater facility to speculation in trade, give a preference to the trade and manufactures of Scotland over those of England, where only a metallic currency was permitted to exist?—To this extent certainly, because, if paper is ill regulated, it may go to any degree which is desired; there will always be a greater control where there is a metallic currency.

Will not the bankers in Scotland, with the power of issuing notes under 5*l.*, be placed in a more advantageous situation than the bankers in England, restricted from issuing paper under 5*l.*?—I think that is very much an affair of credit, because the English banker might do as much with his bills as the other could do with his notes.

Is it not the fact, that the circulation of Lancashire is principally conducted in bills of exchange?—I have always understood so. I am not connected particularly with Lancashire.

Do you know whether there is a constant demand for a limited quantity of gold from London for Scotland?—Indeed I am not able to answer that with any accuracy;

Appx. No. 17.

John B. Richards,
Esq.

(12 May.)

I have heard of gold being sent there, but it does not appear sufficiently distinctly for me to answer the question accurately.

You have stated that there was an extraordinary demand during the period of the late panic?—There was. That was not confined to Scotland or to Ireland alone, it extended to every place within reach of London.

You cannot state to what extent that demand was from Scotland?—No, I really cannot; I am not sufficiently informed of the facts to state that with any accuracy; I could not form an accurate judgment.

Or what proportion it bore to the demand from Scotland under the usual circumstances of the country?—No, I cannot state that; a great deal might go through different agents whose transactions we could not trace, if we desired it.

Are you aware of any circulation of small notes of the Banks of Scotland in the north of England?—Indeed I am not; I have heard that in transactions of cattle in the neighbourhood of Whitehaven there has been an exchange of small notes, but I do not know that fact with any certainty.

Samuel Thornton, Esquire, called in; and Examined.

Samuel Thornton,
Esq.

WHAT would be the effect in your opinion upon the interests of the Bank of England of a small-note circulation being permitted to exist in Scotland, while England was supplied with a circulation of gold?—I think the effect upon the Bank of England would be very trifling.

Do you think it would become necessary to take any measure for the purpose of preventing a circulation of the small notes of Scotland within the borders?—I think they would inevitably be circulated in the northern counties, if there were not preventive measures taken.

Does it occur to you that it would be possible to take any preventive measure for the purpose of preventing the circulation of the notes of the Banks of Scotland in the northern counties?—I apprehend no preventive measure can be taken, except the infliction of a penalty by law on both the receiver and the payer.

Do you remember the state of the currency previously to the year 1797?—I do.

Was there then a small-note circulation in Scotland co-existing with a gold circulation in this country?—There was.

Do you remember any derangement in the circulation of either country arising from that circumstance?—I am not aware of any, but I know that Scotch notes circulated as far as Carlisle in one direction, and I believe on the other road I may say as far as Durham and Newcastle.

Did the existence of the small-note circulation in Scotland, previously to the year 1797, lead to any drains upon the Bank of England for a supply of cash for Scotland?—I do not remember that they ever did.

Do you recollect the existence of that small-note circulation having any prejudicial effect upon the Bank of England previous to the year 1797?—I do not remember any extraordinary call for specie to be sent to Scotland from the Bank of England.

Do you think it would be possible to maintain the full value of the paper money of Scotland, provided Scotland were permitted to issue notes below 5*l.*, while the Bank of England was prohibited issuing notes below that sum?—Not so effectually as if there were no small notes.

Will you have the kindness to state your reasons for forming that opinion?—I am of opinion that a general metallic circulation is preferable, and more secure.

Do you think that the general principle of a metallic circulation extends equally to all countries, and that there ought to be special circumstances in the case of any country which is exempted from the obligation of providing a gold currency?—Precisely so.

Are you of opinion, that if the notes in Scotland were convertible into gold at the will of the holder, that is not sufficient to maintain their value?—I am not prepared to say that it is not sufficient to maintain their value, but experience proves that there never will be a small paper circulation and a metallic circulation going on at the same time.

Do you think it necessary, to maintain the value of a paper circulation, that there should be a metallic circulation in the same part of the country along with it?—No, I am not of opinion that that is necessary.

Then if the notes in Scotland are not issued in greater quantity than the trans-
actions

actions of the country require, are you of opinion they can be depreciated in value, being convertible into gold at the will of the holder?—Not if they should be no more in number than the exigency of the country requires.

If exchanges among the several bankers in Scotland take place regularly every week of the notes they respectively hold of each other, and the balances are paid in bills on London at a short date, do you think that sufficient to prevent a greater quantity remaining in circulation than is necessary for the transactions of the country?—I should think in general it would; the virtual effect of such exchange is, that the balance is convertible into cash in London.

Then, if that system is good, would not a system making the exchanges of country bankers payable by bills on London, not at short dates, but at sight, be a still better system to prevent an extraordinary circulation in England?—I should be of opinion that it would.

Might not the bankers in the north of England very much prevent the circulation of Scotch small notes there, if they were to refuse to receive them?—I presume that they could in that way check their circulation in England.

Would not that, in your opinion, be putting a very invidious task on country bankers in the north of England, to refuse to take small Scotch paper when English country paper is not allowed to circulate?—I presume they would hardly do that unless compelled by law.

Are you of opinion that, under any circumstances, if there were a small paper circulation in Scotland and a metallic circulation in England, that would occasion a greater demand on England for gold than if there were a metallic circulation in Scotland?—I should think not a greater demand.

Why do you think so?—Inasmuch as the paper circulation, if permitted in Scotland, would take the place of an equal quantity of gold.

Do you think there might be a greater demand for gold on England if the currency of all the countries were metallic?—Till the countries were filled with metallic currency there would be a greater demand, but I think not subsequently.

Supposing the currency of Scotland to be assimilated with that of England, is it your opinion, that in case of an unfavourable exchange between England and the Continent, or in consequence of any panic such as that which has been lately experienced, the drain upon England from Scotland would be more or less under a system of metallic currency than under a system by which notes under 5*l.* should be allowed to circulate in Scotland and prohibited in England?—I think of the two it would be less in the case of a general metallic currency.

If the circulation of Scotland were to be entirely a paper circulation, could it be considered a safe circulation on any other terms except those of its reliance on the metallic circulation of England?—I think that the safety would rest principally on its reliance on the English supply of a metallic currency.

Would it not, in order to keep a proper par, rely upon its exchange with England, as proceeding on a metallic circulation?—I think it would.

If Scotland were to have any demand for gold, in what way could it supply itself with funds for the purchase of that gold, either from the Bank of England or in the bullion market of London?—By its possession of the notes of the Governor and Company of the Bank of England, for which it might claim specie, or by its possession of any other property in London whereby to purchase gold in the market.

In case of a demand for gold in Scotland, owing to the balance of its trade being for a time against it, would it not have an equal occasion to supply that demand from England, if it possessed a metallic currency as if it possessed a currency in notes?—I presume it would, inasmuch as the metallic currency would be necessary for the common purposes of life.

If that metallic currency were applied to pay that balance of trade, would it not be necessary for the country to supply itself with the same quantity of metallic currency by a demand on England?—I am of opinion that it would.

During the late panic in England was there any extraordinary demand for gold for Scotland made on the Bank of England?—I am not prepared exactly to answer that question, accommodation was given to bankers and merchants in Scotland, who had liberty to take it either in gold or in bank-notes, and I am of opinion that it was taken in both.

Is it your opinion, that a banker at Edinburgh, allowed to issue notes under 5*l.* would be in a more advantageous situation with reference to the profits of his business, than a banker at Carlisle restricted from such issues?—Most certainly he would.

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Samuel Thornton,
Esq.

(12 May.)

Appx. No. 17.

Samuel Thornton,
Esq.

(12 May.)

Do you happen to know where the gold is generally remitted to, that is sent to merchants in Scotland in exchange for manufactures that are exported, whether it is remitted to London?—I presume generally to London.

Does it not usually get into the possession of the Bank of England?—The greater part of it decidedly.

Jeremiah Harman, Esq. called in; and Examined.

Jeremiah Harman,
Esq.

WITH reference to the interests of the Bank of England, what do you think would be the effect of an arrangement, under which Scotland was permitted to retain a small-note circulation co-existent with a gold circulation in England?—It appears to me, considering the state of the two countries, that the inconvenience would not be greater to the Bank of England than if Parliament were to interfere with the paper currency of Scotland; it certainly cannot fail to strike every one as an inconsistency, that there should be nothing but a metallic circulation in England and all paper in Scotland, but I found my opinion upon the Scotch never having had anything but a paper circulation, they have been accustomed to it from the beginning, and have ever steadily preferred it; and upon the whole, provided it is restricted to Scotland and not allowed to come over the borders, I should view a continuation of the small paper currency in Scotland without apprehension.

Do you think the Bank of England has sustained any inconvenience from the existence of a small-note circulation in Scotland, to which the Bank would not have been subjected if there had been a metallic circulation in that country?—I am not aware of any.

Do you recollect the state of the circulation in the two countries previous to the year 1797?—Yes.

There was then a small-note circulation in Scotland, and a gold circulation in England?—There was.

Practically, did that circumstance affect the Bank of England in any manner?—I am not aware that it did.

Do you recollect any panic existing in Scotland causing an extraordinary drain for cash on the Bank of England?—I have no recollection of any circumstance of the kind.

During the late derangement of credit in this country, was there from Scotland any unusual demand on the Bank of England for gold, for the purpose of meeting the demands which might be made on the Scotch banks?—Certainly not to any extent; I mean directly; and I am not aware of there having been any indirectly.

Supposing Scotland were permitted to retain her small-note circulation, do you think it would be necessary by any law to prevent the circulation of that small-note currency in England?—I think so; because, while we profess to have only a metallic currency in England, to allow the banks beyond the border to introduce their notes here would frustrate that intention, and be moreover an act of great injustice to the English bankers.

Does it occur to you that it would be easy to enforce a law, imposing a penalty on persons taking the small notes of the Scotch banks in England?—I am afraid not easy; the operation of penal laws is always more or less difficult, and might be found peculiarly so in this case; but still, speaking my mind at the moment, I should prefer to meet the difficulties rather than make any change in the Scotch currency at this juncture.

You think it would be a difficult matter to legislate upon?—I think it might, though I really do not consider myself a competent judge of that subject.

If a Scotch banker had an agent in England, would it not check the circulation of small Scotch notes in England if the agent were compelled to pay them in gold when presented to him?—I think the very reverse; and I should not be satisfied unless Parliament, by every means in its power, prevented their introduction into England; the giving a licence by Act of Parliament to their being exchanged would be tantamount to allowing them to circulate.

Do you conceive that the Scotch small notes could circulate in the northern counties of England if the English country bankers there refused to take them in exchange?—Their uniformly refusing them would tend very much to discourage the circulation, but it is impossible to say they might not pass from hand to hand; because the distance between the north of England and Scotland is so very easy there might be accommodation afforded in passing them through travellers.

Supposing an English country banker were to unite himself with a Scotch banker

on

on the other side of the Tweed?—A law might surely be framed to guard against that sort of contrivance.

Supposing the solidity and security of the banking system in England and Scotland to be the same, are you aware of any cause to justify a liberty to issue notes under 5*l.* in Scotland, whilst the issue of such paper in England is restricted?—No other than I have already stated, that they have hitherto been thoroughly satisfied with a paper currency in Scotland, that no inconvenience, as far as I can recollect, has resulted from it; and that is more than we can say with respect to England.

May not the inconvenience to which you have just alluded, with reference to the circulation in England, be attributable to the banking system in England having been, in various parts of the country, upon a less secure footing than in Scotland?—Certainly, with respect to private banks; there are many private banks which have conducted their business very ill, and the indiscretion and mismanagement of individuals have given rise to much unmerited censure on the whole body of country bankers.

Supposing the solidity of the banks in England to be equal to that of any banks in Scotland; supposing, for instance, the Bank of England should establish branch banks in different parts of England, would not the advantages which are supposed to attach to the circulation of notes under 5*l.* in Scotland, be equally due to those districts in England in which the Bank of England might establish branch banks?—If all were equally solid, unquestionably; it will be recollected that I have advocated the distinction on special grounds.

Might not the existence of a gold circulation in England, spread generally throughout the country, add greatly to the security of a paper circulation in Scotland?—I do not see immediately why it should.

If the circulation of Scotland was entirely a paper circulation, would it be a safe system of itself, or safe in any way except upon its reliance with the exchanges of England, which rest upon a metallic circulation?—I have made a distinction between the circulation of Scotland and the circulation of England from a review of the past, and the great confidence that the Scottish nation have always had in their paper; I have been called to my recollection by the pointed manner in which the Right honourable Chairman put his question, with reference to the transactions of 1797, and it may be that, at that period, Scotland participated in the general alarm of invasion, but that was a special case. The preference for paper is unabated; and while that state of things lasts, it appears to me that there can be no serious risk in allowing the small notes to circulate.

What would be the safeguard against an over-issue of notes in Scotland, supposing the great competition amongst the banks which exists at present, except the exchange with England?—The safeguard must be looked for, first, in the discretion of the managers, who will know the terms on which alone this privilege will be continued to them; the Legislature will doubtless watch the progress from session to session, and should it hereafter be found incompatible with the general system to continue to Scotland exclusively a small paper currency, the subject will be reconsidered in order to a new arrangement.

Do you give it as your opinion that the only safeguard for the Scotch circulation is the constant watchfulness of the Legislature over it?—No, I lay a great stress on the responsibility of the individuals conducting the establishments; I make no doubt they will afford all those facilities to the public which the public have a right to expect, as far as it may be consistent with the safety of the establishments. I think it may be left there.

What is to be their guide in doing that, except the exchanges with England keeping their notes on a par with gold, if they have no gold in their own country to testify that?—The question of the exchange between England and Scotland has not, I confess, entered much into my view of this subject; that it is giving a preference to the Scotch bankers is unquestionable.

Does not the only corrective of that lie in the exchange with this country, which is going on a metallic and a safe basis?—I cannot say that I see that.

The paper currency of Scotland is at present convertible into gold at the will of the holder?—No doubt, and that in degree will operate as a corrective.

If there were an excess of paper currency issued in Scotland, would not that, in your opinion, lead to a demand for gold in Scotland?—If there were an excess it would be returned upon the banks. Hitherto, I believe, they have not been called upon for gold; and I have not heard of any excessive issues on the part of the Scotch banks.

Appx. No. 17.

Jeremiah Harman,
Esq.

(12 May.)

If you were to legislate *de novo* for the two countries, there is no argument for a gold circulation for England which does not apply to Scotland?—I conceive none.

The general principle, apart from peculiarities in the case of the two countries, is equally in favour of a metallic circulation in both; is it not?—If we could be sure, and now I know I am treading on tender ground,—if we could be sure of procuring and retaining under all circumstances a sufficiency of gold for the whole empire, I should have no hesitation whatever in saying, Let us have a gold circulation; but I am one of those, I must honestly confess, notwithstanding all the new lights that have broken in upon us, who have still very strong doubts upon that subject, and it is partly for that reason that, in my poor judgment, it is better to leave the Scotch currency undisturbed.

One of your reasons for wishing to see the Scotch currency maintained upon its present footing is, that it will partly dispense with the necessity of providing a very large supply of gold for the purpose of conducting the internal transactions of the country?—It is.

And, *pro tanto*, it will diminish the pressure which may arise from such a cause?—Yes, as long as they conduct their business discreetly, and while the people are in conceit with the paper circulation; for the moment we see a change in that respect, a new practice will probably be adopted.

Are you rightly understood that it is your opinion, on general principles, that supposing the paper circulation of England to be placed on secure grounds, there would arise no advantage from substituting a metallic currency for a paper one in England?—I do not go so far as that; but for the doubt I have taken the liberty to express, I had much rather see a metallic currency than a paper one. I am not blind to the inconveniences to which a small paper currency is exposed.

What doubt do you refer to?—Whether at all times, and under all circumstances, a sufficiency of gold would be found for the purpose; and, whatever differences of opinion there may be, no one will say that this is a point irrelevant to the subject of the present inquiry.

Are you acquainted with the system practised by the bankers in Scotland of exchanging their notes twice a week with each other?—I have heard it. I am not very intimately acquainted with the mode, but I know it generally.

It is in evidence before the Committee, that they exchange their notes all over Scotland at Edinburgh twice a week, each bank in the country having an agent or correspondent at Edinburgh for that purpose, and that the balance each may have are paid by bills at a short date on London; is it your opinion that that affords a sufficient check against an over-issue of notes by any particular bank?—No, I should not think it does of itself; if one can suppose for a moment that there is a general understanding amongst the banks, and that they will aid and assist each other, in order to keep out a greater quantity of paper.

In what way do you think they may so combine as to keep out a greater quantity of notes than the transactions of the country require?—It seems that I misunderstood a former question, my answer is liable, therefore, to misconstruction; for myself I never had an idea of the Scotch banks combining to increase the amount of their issues, even if it were feasible, which I do not believe it is.

Would not another practice in Scotland, namely, the paying their notes by bills at ten days on London, at par, counteract the evil contemplated by you in your answer to a former question?—I really cannot satisfactorily answer that.

Are you aware that that practice is adopted in Scotland of drawing bills at par at ten days, in payment for notes brought in for payment?—No, I did not know that that was a general practice.

Would not the bankers in Scotland, having the power to issue small notes, enjoy an advantage in carrying on their business over the English banker who should issue nothing below 5 *l.*?—A palpable advantage.

Then would not the Scotch manufacturers be probably able to obtain assistance from the banks in carrying on their business, which would give them a great advantage over the English manufacturers?—Reasoning from what has been, I do not think that would be; I am not aware that the Scotch manufacturers have had any advantage over the English manufacturers; at present there is nothing but paper in Scotland, and so it has been while there has been a mixed currency in England. I think the facilities afforded in England have been so great and so easy, they have been pretty much on a footing.

If it were true that the facilities to the manufacturers in Scotland were greater than to the manufacturers in England, would it be any advantage to the latter that the

the facilities given to the former should be reduced?—I am for having, as far as may be practicable, equal encouragement to all. Appx. No. 17.

Would not England be able to enter into competition with Scotland better if their currency was assimilated?—I can only answer that by saying, that hitherto the English manufacturer has not complained; the English manufacturer has succeeded as well as the Scotch manufacturer. *Jeremiah Harman, Esq.*

(12 May.)

At present they are under the same system; but the question put is, supposing the system to be altered?—I do not conceive them to be under the same system, because it has been all paper in Scotland, and paper and gold in England; in the most populous manufacturing district, namely, Lancashire, chiefly gold.